

UNNUMBERED LETTERS ISSUED FOR THE MONTH OF MAY 2006

Dated	Subject	Distribution
05/01/06	Rural Business Enterprise Grant Program Television Demonstration Fiscal Year 2006 Funding Cycle Selections	S/D
05/03/06	Processing Section 514/516 New Construction Loan and/or Grant Requests Fiscal Year 2006	S/D
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05/15/06	eAuthentication Requirements for Multi-Family Housing's Management Interactive Network Connection System	S/D
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	Requesting Funds from the National Office Sections 514/516 Farm Labor Housing Loan and Grant Section 515 Rural Rental Housing	S/D
	Revised Rules Applicable to Critical Access Hospitals Designated as Necessary Providers	S/D
05/23/06	Retention of Hurricane Related Records and Coordination of Related Freedom of Information Act Requests	S/D, N.O. Officials
05/24/06	Guidance on Preparation of Financial Feasibility Evaluations of Community Facilities Projects	S/D
05/25/06	Enterprise Human Resources Integration	S/D

Date	Subject	Distribution
05/25/06	Rural Business Enterprise Grant Program Technical Assistance for Rural Transportation Systems Fiscal Year 2006	S/D
05/26/06	Administrator's Reserve Selections to Fund Innovative Approaches to Preserve Rural Rental Housing Projects	S/D
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5/31/06	Rural Business Opportunity Grant Program Native American Earmark Selections Fiscal Year 2006	S/D
	Rural Business Enterprise Grant Program Native American Earmark Selection Fiscal Year 2006	S/D
	Intermediary Relending Program Empowerment Zones/Enterprise Communities/Rural Economic Area Partnerships Earmark	S/D
	Rural Business Enterprise Grant Program Empowerment Zones/Enterprise Communities and Rural Economic Area Partnerships Fiscal Year 2006	S/D

May 1, 2006

SUBJECT: Rural Business Enterprise Grant Program
Television Demonstration
Fiscal Year 2006 Funding Cycle Selections

TO: State Directors, Rural Development

ATTN: Business Programs Directors

We have recently completed the Television Demonstration funding cycle. There were four requests for funds totaling \$1,584,000 that competed in the funding cycle. We are pleased to announce that all requests were selected. They are as follows:

State	<i>Applicant</i>	Amount Awarded
AK	Alaska Public Broadcasting Service	\$396,000
ME	Maine Public Broadcasting Corporation	\$396,000
ND	Prairie Public Broadcasting, Inc.	\$396,000
VT	Vermont ETV, Inc. d/b/a Vermont Public Television	\$396,000
Total		\$1,584,000

This completes the Television Demonstration funding cycle established in RD Instruction 1940-L.

(Signed by William F. Hagy III)

WILLIAM F. HAGY III
Deputy Administrator
Business Programs

EXPIRATION DATE:
September 30, 2006

FILING INSTRUCTION:
Community/Business Programs

May 3, 2006

TO: State Directors
Rural Development

ATTENTION: MFH Program Directors and Coordinators

FROM: Russell T. Davis *(Signed by David J. Villano) for*
Administrator
Housing and Community Facilities Programs

SUBJECT: Processing Section 514/516
New Construction Loan and/or Grant Requests
Fiscal Year 2006

The purpose of this Unnumbered Letter (UL) is to provide information and guidance on the new provisions for processing Section 514/516 new construction loan requests, in accordance with 7 CFR 3560, and the "Notice of Funds Availability (NOFA) for the Section 514 Farm Labor Housing Loans and Section 516 Farm Labor Housing Grants for Off-Farm Housing for Fiscal Year 2006," that was published in the Federal Register on March 20, 2006.

Complete initial loan requests received by the below given deadline will be reviewed and scored based upon the factors listed in the NOFA. The NOFA also lists all of the preapplication requirements. Please use the NOFA as a checklist to ensure that all required information is submitted.

PROCESSING TIMEFRAMES:

States needing assistance in reviewing or processing Labor Housing (LH) preapplications should advise the National Office Multi-Family Housing Processing staff.

May 19, 2006 Closing date for receipt of preapplications.

June 22, 2006 State Offices conduct preliminary eligibility assessment on each application received. The State Office collects a check for \$40 from the applicant made out to United States Department of Agriculture. This will be used to pay for credit reports obtained by

EXPIRATION DATE:
September 30, 2006

FILING INSTRUCTIONS:
Housing Programs

the Agency. Based on the preliminary eligibility, feasibility review, and application scoring, State Offices provide final list of scored and ranked preapplications (Attachment 1), checklist and point score sheet (Attachment 2), the calculation of leveraged assistance worksheet (Attachment 3) and cash flow analysis to the National Office attention to henry.searcy@wdc.usda.gov or fax 202-690-3444.

Include ALL requests. In the case of applications determined incomplete or ineligible, indicate the reason for that determination.

National Office reviews all cash flow analyses, and ranks preapplications nationwide. As soon as possible thereafter, the National Office notifies States of requests selected for further processing. Upon National Office notification, States immediately notify selected applicants to submit a formal application within 30 days. Applicants should be advised to submit organizational documents immediately to allow time for review by the Office of the General Counsel. State Offices conduct the site visit and begin the environmental review, appraisal, civil rights impact analysis, and cash flow analysis.

August 12, 2006

Pooling date for Section 514/516 funds and deadline for receipt of final application from applicant.

September 22, 2006

Deadline for issuing letters of condition and acceptance by borrower. Deadline for State Office completion of the environmental review (including the public notification requirements), appraisal, civil rights impact analysis and for loan and/or grant approval and the obligation of funds. If rental assistance is being provided, Form RD 3560-27, "Rental Assistance Agreement," must also be executed by this date.

FUNDING LIMITS:

Individual requests may not exceed \$3 million (total loan and grant).

New construction Rental Assistance (RA) and Operating Assistance (OA) will be held in the National Office for use with section 514 loans and section 516 grants and will be awarded based on each project's financial structure and need.

Owners of migrant housing projects with RA contracts may elect to convert to project OA. New applicants for off-farm migrant housing projects will have the option of requesting either RA or OA.

Limited partnerships in which the general partner is a nonprofit entity are eligible for Section 514 loans, but are not eligible for Section 516 grants. Such partnerships which are receiving benefits from low-income housing tax credits may not receive Section 514 loans that exceed 95 percent of the project's total development cost or the security value, whichever is less.

PREAPPLICATION REQUIREMENTS:

Potential applicants must be provided with a copy of the NOFA and each of the required forms that are listed in the NOFA.

PRELIMINARY ELIGIBILITY ASSESSMENT:

The Processing Office shall make a preliminary eligibility assessment using the following criteria:

1. The preapplication was received by the submission deadline specified in the NOFA;
2. The preapplication is complete as specified by the NOFA;
3. The applicant is an eligible entity and is not currently debarred, suspended, or delinquent on any Federal debt; and
4. The proposal is for authorized purposes.

In conducting the preliminary applicant eligibility assessment, if the Processing Office has concerns, the applicant's organizational documents should be forwarded to the Office of General Counsel (OGC) for further review. The official response from OGC to the Processing Office should contain all eligibility concerns, the extent to which these concerns are curable, and actions needed to cure them. If applicant eligibility concerns are deemed easily curable, the Processing Office shall give the applicant sufficient time (at least 10 business days) to rectify the problem.

ELIGIBLE ENTITIES:

- Broad-based nonprofit organizations.
- Nonprofit organizations of farmworkers.
- Federally recognized Indian tribes.
- Agencies or political subdivisions of a State or local governments or public agencies (such as housing authorities).
- Limited partnerships which have a nonprofit entity as their sole general partner (LP's are not eligible for grants).

7 CFR 3560.555 improperly added a "community organization" as an eligible entity. This is not consistent with the authorizing statute. For this reason, a "community organization" was not included in the NOFA as an eligible entity. A "community organization" may be eligible only if they are organized in such a way that they meet the definition of one of the entities listed in the NOFA, such as a "broad-based nonprofit organization." In addition, although a limited liability company is an eligible entity for a Section 515 loan, they are not eligible for a Section 514 loan or a Section 516 grant.

CONSTRUCTION OF NEW UNITS:

As stated in the NOFA, the intended purpose of these loans and grants is to increase the number of available housing units for domestic farm laborers. If an existing borrower plans on razing their Section 514/516 housing complex and rebuilding it, they should apply for funds from the Administrator's FLH reserve. They are not eligible to receive funds under the NOFA.

SCORING FACTORS:

Requests will be scored on the factors listed below:

1. **Leveraged assistance.** The presence and extent of leveraged assistance, including donated land, for the units that will serve program-eligible tenants, calculated as a percentage of the RHS total development cost (TDC). RHS TDC excludes non-RHS eligible costs such as a developer's fee. Leveraged assistance includes, but is not limited to, funds for hard construction costs, Section 8 or other non-RHS tenant subsidies and state or federal funds. A minimum of ten percent leveraged assistance is required to earn points; however, if the total percentage of leveraged assistance is less than ten percent and the proposal includes donated land, two points will be awarded for the donated land. To count as leveraged funds for purposes of the selection criteria, a commitment of funds must be provided with the preapplication. Attachment 3 shall be used to determine the percentage of leveraged assistance. Leveraged assistance may include:
 - A. Loans or grants from other sources;
 - B. Donated land;
 - C. Contributions (including land) from the borrower's own resources above the required contribution indicated by the Sources and Uses Comprehensive Evaluation;
 - D. Leveraged assistance not designated for capital uses that is to be paid in over a scheduled period (tax abatements, rental subsidies, etc.) shall be limited to the total value of the first five years of such scheduled assistance. If RHS RA is being provided, the basic rents at the end of the abatement period when the benefit is no longer available must be comparable to or lower than the basic rents if RHS had provided full financing. (0 to 20 points)
2. **Seasonal, temporary, or migrant housing.** (5 points for up to 50 percent of the units; 10 points for 51 percent or more.)
3. **Areas of special emphasis or consideration.** The National Office initiative is based on the presence of and extent to which a tenant services plan exists and clearly outlines services that will be provided to the residents of the proposed project. Plans must detail how the services are to be administered, who will administer them, and where they will be administered. All tenant service plans must include letters of intent that clearly state the service that will be provided at the project for the benefit of the residents from any party administering each service, including the applicant. Each application shall receive 2 points for each service in the plan that meets these guidelines. (0 to 10 points)

CASH-FLOW ANALYSIS SOFTWARE:

The National Office shall provide States with a cash flow analysis software tool that is to be used for each loan/grant application. This tool will be used by the National Office to make loan, grant, RA and OA level funding decisions and will also serve as the analysis to determine minimum amount of assistance. Each State Office is required to complete the analysis as directed and transmit to the National Office, tammy.daniels@wdc.usda.gov by June 22, 2006.

DETERMINING RANK ORDER IN THE EVENT OF A POINT SCORE TIE:

Preapplications will be ranked by each State in point score and rank order. In the event of a point score tie, rank order will be determined by highest percentage of leveraged assistance. Rank order for further point score ties will be determined by lottery. For example, a State receives five preapplications that score as follows:

Preapplication A: 15 points (10 for leveraged assistance; 5 for migrant housing)
Preapplication B: 10 points (National Office initiative)
Preapplication C: 10 points (National Office initiative)
Preapplication D: 16 points (leveraged assistance of 52 percent)
Preapplication E: 16 points (leveraged assistance of 56 percent)

Preapplications D and E tie for the highest point score. Preapplication E has the highest percentage of leveraged assistance, therefore, ranks first and Preapplication D ranks second. Preapplication A has the second highest score and therefore ranks third.

Preapplications B and C tie for the next highest point score. The ranking order for Preapplications B and C, which do not have leveraged assistance, is determined by lottery.

Ranking List:

<u>Rank</u>	<u>Score</u>	<u>Name</u>
1	16	Preapplication E (highest percentage of leveraged assistance)
2	16	Preapplication D
3	15	Preapplication A
4	10	Preapplication C (rank order determined by lottery)
5	10	Preapplication B (rank order determined by lottery)

RENTAL ASSISTANCE (RA) FOR PARTICIPATION LOANS:

RA and OA are only available with Sections 514/516 loans and loan/grant combinations where the Section 514/516 portion is at least 5 percent of the total development cost. Projects without a LH loan cannot receive RA or OA. Before submitting a loan request that needs RA or OA, the State Office must review every 514/516 property in their State to determine whether there is any underutilized RA or OA that is available. If so, you should make the National Office aware of the number of RA units that are available for new applications when submitting Attachment 1.

LEVERAGED ASSISTANCE:

In order to be eligible for leveraging selection criteria points, a commitment for the leveraged funds must be submitted with the preapplication. Applications that require leveraged funding must have firm commitments in place for all of the leveraged funding within 1 year of the issuance of a "Notice of Pre-application Review Action," Handbook Letter 106 (3560). This requirement must be included in the letter of conditions of all applications that are approved for funding.

REQUESTING FINAL APPLICATIONS:

Soon after June 22, 2006, the National Office will notify the State Offices concerning which preapplications have been selected for further processing. The State Offices should then follow Chapter 5 of HB-1-3560 for the processing of the preapplications.

SURVEY ON EQUAL OPPORTUNITY:

Please make sure that each of the applicants are provided with the voluntary survey form "*Survey on Ensuring Equal Opportunity for Applicants*" (or other form currently being used by the Agency) and ask that they complete it and return it to your office.

TENANT ELIGIBILITY:

As stated in the NOFA and in 7 CFR 3560, tenant eligibility is limited to persons who meet the definition of a "domestic farm laborer", a "retired domestic farm laborer", or a "disabled domestic farm laborer," as those terms are defined in 7 CFR 3560.11. A domestic farm labor must be either a citizen of the United States, Puerto Rico, or the Virgin Islands or reside in the United States, Puerto Rico, or the Virgin Islands after being legally admitted for permanent residence. Farmworkers who are admitted to this country on temporary basis, such as under the H2A guest worker program, are not eligible to occupy Section 514/516 FLH. Documentation that the applicant provides to justify a need for the housing must not include ineligible persons as potential tenants. You are advised to read the NOFA very carefully.

SUBSTANTIAL PORTION OF INCOME FROM FARM LABOR:

The NOFA restates the requirement that domestic farm laborers must receive a substantial portion of their income from "farm labor". This requirement can be found in the regulation at 7 CFR 3560.576(b) (2) and Attachment 6-H of HB-2-3560. The term "farm labor" is defined at 7 CFR 3560.11 and further clarification is provided by Attachment 12-A of HB-1-3560.

TENANT PRIORITY:

Tenant priorities were simplified at 7 CFR 3560.577 by eliminating the preference based on the percentage of income that was derived from farm work. The Asset Management Handbook (6.40) has not yet been revised to reflect this change. The tenant priority, as listed in the regulation, should be followed rather than the priority shown in the handbook.

LIMITED ENGLISH PROFICIENCY (LEP):

Borrowers and grantees must take reasonable steps to ensure that LEP persons receive the language necessary to afford them meaningful access to USDA programs and activities, free of charge. Failure to ensure that LEP persons can effectively participate in or benefit from federally-assisted programs or activities may violate the prohibition under Title VI of the Civil Rights Act of 1964, 42 U.S.C. 2000d and Title VI regulations against national origin discrimination.

Executive Order 13166 requires each agency providing Federal financial assistance, including USDA, to draft title VI guidance specifically tailored to its recipients that is consistent with the LEP Guidance issued by the Department of Justice (DOJ). Each agency is then required to submit its specific guidance to DOJ for review and approval. Following DOJ approval, each agency is to publish its guidance document in the Federal Register for public comment. At this point, USDA's guidance document has not been approved by DOJ.

Until such time as USDA's guidance document has been approved by DOJ and published in the Federal Register, recipients are encouraged to follow guidance that was published by DOJ on June 18, 2002 for recipients of Federal financial assistance (specifically for DOJ recipients). This guidance and additional information can be found at www.lep.gov.

ANALYSIS OF LOAN REQUESTS TO DETERMINE THE MINIMUM AMOUNT OF ASSISTANCE:

All loan requests must be analyzed at the feasibility stage and again prior to obligation to determine the minimum amount of assistance that is needed for the proposal, using an analysis tool that considers the sources and uses of all assistance proposed, i.e., all loans, grants, LIHTC, and any other assistance. As stated at 7 CFR 3560.562, the amount of any off-farm labor housing grant must not exceed the lesser of (1) ninety percent of the total development cost, or (2) that portion of the total development cost which exceeds the sum of any amount provided by the applicant from their own resources plus the amount of any loans approved for the applicant, considering the capacity of the applicant to amortize the loan. When making this determination, you must consider the ability of the applicant to raise rents in order to pay for a greater debt service.

Please make every attempt to obligate funds by the required timeframe. Form RD 1940-1, "Request for Obligation of Funds" should refer to assistance codes "322" for loans and "323" for grants. When obligating funds, the estimated development costs must be entered into AMAS using the M5V screen. Once construction is completed, the actual development costs must be entered into AMAS using the M5VA screen. Guidance can be found in Chapter 2 of the AMAS manual (Stock #66, pages 9-15). Questions regarding this UL may be directed to Tammy S. Daniels, (202) 720-0021 of the Multi-Family Housing Processing Division.

Attachments

RURAL HOUSING SERVICE
FARM LABOR HOUSING OFF-FARM PREAPPLICATIONS
FISCAL YEAR 2006

STATE _____

RANK	SCORE	APPLICANT NAME/ LOCATION	# OF MIG UNITS	CONG DIST	TOTAL RHS DEVELOP- MENT COST*	RHS LOAN AMOUNT	RHS GRANT AMOUNT	LEVERAGED ASSISTANCE	% LEV.	# OF UNITS	# OF RA UNITS	Minority or Non- Minority Applicant (see codes below)	Faith Based Organ- ization (Y/N)
					\$	\$	\$	\$	%				
					\$	\$	\$	\$	%				
					\$	\$	\$	\$	%				
					\$	\$	\$	\$	%				
					\$	\$	\$	\$	%				
					\$	\$	\$	\$	%				
					\$	\$	\$	\$	%				
					\$	\$	\$	\$	%				
					\$	\$	\$	\$	%				
					\$	\$	\$	\$	%				
					\$	\$	\$	\$	%				
					\$	\$	\$	\$	%				
					\$	\$	\$	\$	%				
					\$	\$	\$	\$	%				

*If the proposal includes non-RHS eligible costs, please indicate the items and costs on a separate line or as an attachment.

Number of under utilized rental assistance units that are available for the above proposals: _____

Race/Ethnicity Codes: 1 = White; 2 = Black/AA; 3 = A/NH/PI; 4 = AI/AN; 5 = Hispanic/Latino

**FARM LABOR HOUSING PREAPPLICATION
REVIEW CHECKLIST AND POINT SCORE SHEET - FY 2006**

Applicant information:

Applicant Name: _____ Date and time received: _____
 Project Name: _____ Applicant type: NP NPLP PB IT AF AFW
 City: _____ # Units _____ # RA Units _____ # Mig Units _____
 County: _____ Congressional District: _____

NP=Non-Profit NPLP=Non-Profit Limited Partnership PB=Public Body IT=Indian Tribe AF=Assoc. of Farmers AFW=Assoc. of Farmworkers

Application threshold requirements: Application meets preliminary threshold requirements (received by 5:00 p.m., May 19, 2006, contains all of the items listed in the NOFA, an estimate of development cost (1924-13), and a proposed operating budget (3560-7), is an eligible applicant, and is for an eligible purpose). (Yes/No): _____ Comments: _____

Application scoring:

1. Leveraged assistance (0-20 points) _____
 (Attach "Calculation of Leveraged Assistance Worksheet")
2. Seasonal, temporary, or migrant housing:
 Enter number and percent of units that will serve seasonal, temporary, or migrant farm workers: Number _____ and _____ %
 (Enter 5 points for up to 50% of units; 10 points for 51% or more) _____
3. For FY 2005, National Office initiative will be based on the presence of and extent to which a tenant services plan exists that clearly outlines services that will be provided to the residents of the proposed project. Two points will be awarded for each resident service included in the tenant services plan up to a maximum of 10 points. (0 to 10 points)

Total point score _____

Estimated funding:

RHS loan amount _____ + grant amount _____: \$ _____
 Leveraged funds: Source _____ \$ _____
 Source _____ \$ _____
 Source _____ \$ _____
 Source _____ \$ _____
 Total Development Cost: \$ _____

Review comments: _____

Reviewer: _____ Date of Review: _____

National ranking results: Selected for further processing based on National ranking (Yes/No): _____ Date: _____

**FARM LABOR HOUSING
CALCULATION OF LEVERAGED ASSISTANCE WORKSHEET**

Applicant Name: _____ Project Name: _____

1. RHS total development cost (Excludes non-RHS eligible costs): \$ _____

2. Leveraged Assistance (Include all eligible leveraging meeting the provisions the NOFA such as loans, grants, land, tax abatements, etc.)

Source:

Amount:

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

3. Total leveraged assistance: \$ _____

4. Percent of leveraged assistance (line 3 divided by line 1) _____%

5. Points for leveraging based on the following chart: _____

(Round up for .50 and above; round down for .49 and below.

For example, 59.49 becomes 59; 59.50 becomes 60.)

Percentage:

Points:

75 or more	20
60-74	18
50-59	16
40-49	12
30-39	10
20-29	8
10-19	5
0-9	0

Donated land in
proposals with less
than 10 percent total
leveraged assistance

2

Reviewer: _____ Date: _____

May 5, 2006

SUBJECT: Rural Development Administrative Notices

TO: National Office Officials

This memorandum is to reiterate policy that currently exists for the use of Administrative Notices (ANs) which can be found in RD Instruction 2006-A, "National Directives" and 2006-D, "Managing and Processing National Office Directives." ANs may be used to make temporary clarifications to existing instructions. They **are not to be** used for policy changes and **are not to be** reissued year after year. ANs that have reached their expiration date are removed from the Rural Development Instruction web site (<http://www.rurdev.usda.gov/regs/>) and should be discarded or filed in the obsolete manual by the field, as they are no longer effective. Expired ANs should not be referenced for any reason. The program area should not be advising the field to use expired ANs because they are no longer a part of the current Instruction.

If an AN still contains valid information after its expiration date, it needs to be incorporated into the Instruction by the appropriate program office. ANs are given a life cycle of one year or less. This is to allow time for the writer to incorporate any continuing information into the actual Instruction. The program area can verify whether an AN has expired by viewing the report entitled, "Administrative Notices Expired, Replaced, or Rescinded." This report is released every quarter on a Procedure Notice and can be found on the Rural Development Instruction web site at <http://www.rurdev.usda.gov/regs/an/exan.pdf>.

The Regulations and Paperwork Management Branch (RPMB) does enforce the policies mentioned above. When RPMB notices that an AN is reoccurring, it will be noted on Form RD 2006-6, "Clearance and Routing of Rural Development Issuance." If the same AN comes back again the following year for approval, it will need to include a justification why it is reoccurring for another year and will need to be approved through the Deputy Administrator for Operations and Management.

EXPIRATION DATE:
May 31, 2007

FILING INSTRUCTIONS:
Administrative/Other Programs

If you have any questions regarding this issue, please feel free to call Jeanne Jacobs, Chief, RPMB, at 692-0040.

(Signed by Sherie Hinton Henry)

SHERIE HINTON HENRY
Deputy Administrator
for Operations and Management

Sent by electronic mail on 07-24-03 at 10:30am by SSD.
National Office Officials shall notify other personnel as appropriate.

May 5, 2006

SUBJECT: Compliance Review
Faith-Based and Community Initiatives

TO: All Rural Development Employees

The Presidential Faith-Based and Community Initiatives established by Executive Order 13279, Equal Protection of the Laws for Faith-Based and Community Organizations, was implemented by USDA on July 9, 2004. The implementing regulation required compliance monitoring under Equal Opportunity for Religious Organizations (7 CFR Part 16). Form RD 400-8, "Compliance Review", will be used to monitor compliance with all applicable civil rights laws, rules, and regulations under the program for which the loan or grant is being made (regular oversight duties).

The trained compliance review official will ensure that the recipient is NOT:

- 1) Discriminating against a program beneficiary (user/participant) or prospective program beneficiary on the basis of religion or religious beliefs. This would include requiring beneficiaries to participate in religious activities to receive services and/or benefits.
- 2) Engaging in inherently religious activities, such as worship, religious instruction, or proselytization (preaching), as part of the programs or services supported with direct USDA assistance. If an organization conducts such activities, they must be offered separately, in time and location, from the programs or services supported with USDA Rural Development federal financial assistance. Participation must be voluntary for beneficiaries of the programs or services.

EXPIRATION DATE:
May 31, 2007

FILING INSTRUCTIONS:
Administrative/Other Programs

- 3) The faith-based organization would be exempted from “prohibited discrimination on the basis of religion” in hiring practices. However, they are not exempted from other prohibited basis such as race, color, national origin, or sex; as per 7 CFR Sec.16, 16.2(c). Faith-based organizations must submit a complete application package under the Rural Development program for which they are applying. If Form RD 400-1, Equal Opportunity Agreement, is required as part of the application package, it must be submitted. The faith-based organization would be exempted from “prohibited discrimination on the basis of religion” in hiring practices clause.
- 4) Using funds for acquisition, construction or rehabilitation of structures to the extent those structures are used for inherently religious activities (such as worship, religious instruction, or proselytization). USDA Rural Development funds may not exceed the cost of those portions of the acquisition, construction, or rehabilitation that are attributable to eligible activities. Religious congregations may not receive USDA Rural Development funds for improvements to sanctuaries, chapels, or any other room that the congregation uses as its principal place of worship, even if the room is used for eligible activities during non-worship times.

Organizations MAY:

- 1) Use USDA Rural Development federal financial assistance only to support the non-religious social services that they supply.
- 2) Retain its identity, including its name.
- 3) Select its board members and otherwise govern itself on a religious basis
- 4) Retain religious art, icons, scripture, or other religious symbols on the property.
- 5) Include religious references in its organization’s mission statements and other governing documents

Civil Rights compliance reviews for Faith-Based and Community Organization recipients are to follow the requirements of RD Instruction 1901.204, which will provide program specific guidance on completing reviews.

Please feel free to contact Carlton L. Lewis, Program Compliance, Civil Rights Staff, at (202) 692-0097, or carlton.lewis@wdc.usda.gov, or Rhonda Brown, Rural Development Faith-Based and Community Initiatives Coordinator, at (202) 692-0298, or rhonda.brown@wdc.usda.gov, if you have additional questions.

(Signed by Sherie Hinton Henry)

SHERIE HINTON HENRY
Deputy Administrator
for Operations and Management

Sent by electronic mail on May 8, 2006 at 3:23 PM by the Office of the Deputy Administrator for Operations and Management.

May 9, 2006

SUBJECT: State Director Contact Information

TO: National Office Officials
Rural Development State Directors

ATTN: Administrative Program Directors
Human Resources Managers

Due to recent changes in Rural Development State Directors, an updated contact information listing has been developed for distribution. Attached, please find the updated State Director listing, which includes phone, address and e-mail contact information. Please ensure all appropriate personnel receive a copy of the updated listing.

If you have any questions, or need additional information, please contact Ginger Holmes, Human Resources Specialist, (202) 692-0223 or via e-mail at Ginger.Holmes@wdc.usda.gov.

(Signed by Thomas C. Dorr)

THOMAS C. DORR
Under Secretary
for Rural Development

Attachment

EXPIRATION DATE:
April 30, 2007

FILING INSTRUCTIONS:
Administrative/Other Programs

Sent by electronic mail on 5/10/2006 at 11:30 pm by Human Resources. State Directors and National Office Officials should notify other personnel as appropriate.

State Director Listing

Revised on: April 25, 2006

Name	State	Address	Office Phone	E-mail address:
Steve Pelham	Alabama	Suite 601, Sterling Centre 4121 Carmichael Road Montgomery, AL 36106-3683	(334) 279-3400	steve.pelham@al.usda.gov
Bill Allen	Alaska	800 West Evergreen, Suite 201 Palmer, AK 99645-6539	(907)761-7705	Bill.Allen@ak.usda.gov
Edward Browning	Arizona	230 N. First Avenue, Suite 206 Phoenix, AZ 85003-1706	(602)280-8701	eddie.browning@az.usda.gov
Roy Smith	Arkansas	700 W. Capitol Avenue, Room 3416 Little Rock, AR 72201-3225	(501) 301-3200	Roy.Smith@ar.usda.gov
Benjamin Higgins	California	430 G. Street, Agency #4169 Davis, CA 95616-4169	(530)792-5800	Ben.Higgins@ca.usda.gov
Michael Bennett	Colorado	655 Parfet Street, Room E100 Lakewood, CO 80215	(720) 544-2903	Mike.bennett@co.usda.gov
Marlene Elliott	Delaware	1221 College Park Drive, Suite 200 Dover, DE 19904	(302) 857-3580	marlene.elliott@de.usda.gov
Charles Clemons, Sr.	Florida	4400 N.W. 25 th Place Gainesville, FL 32606	(352)338-3411	charles.clemons@fl.usda.gov
F. Stone Workman	Georgia	Stephens Federal Building 355 E. Hancock Avenue Athens, GA 30601-2768	(706) 546-2162	stone.workman@ga.usda.gov
Lorraine Shin	Hawaii	Room 311, Federal Building 154 Waiānuenue Avenue Hilo, HI 96720	(808)933-8302	Lorraine.shin@hi.usda.gov
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May 15, 2006

TO: State Directors
Rural Development

ATTN: Multi-Family Housing Program Directors and Coordinators

FROM: Russell T. Davis (*Signed by David J. Villano*) for
Administrator
Housing and Community Facilities

SUBJECT: eAuthentication Requirements for the Multi-Family Housing's
Management Interactive Network Connection System

Due to Departmental security requirements, Rural Development must implement a new registration process for all Management Agent (MA) Users to access the Management Interactive Network Connection (MINC) system. All users now registered in the MINC system will be required to go through the eAuthentication system to log into the MINC system.

USDA eAuthentication is the system used by USDA agencies to enable customers to obtain accounts that will allow them to access USDA Web applications and services via the Internet. This includes submitting forms electronically, completing surveys online, and checking the status of your USDA accounts. To conduct official business transactions with USDA, registered customers must have Level 2 Assurance credentials. USDA Customers must visit a local USDA Service Center in person for Identity Proofing to acquire Level 2 Assurance credentials. Agency employees must be certified as Local Registration Authorities (LRAs) to activate a customer's Level 2 credentials. Agency employees must complete online training to be certified as a LRA. There is currently at least one LRA in each Service Center.

EXPIRATION DATE:
May 31, 2007

FILING INSTRUCTIONS:
Housing Programs

There are a few steps both the customer and the USDA employees must take to provide access for the customer.

1. The customer (*MA Users*)

- a. Uses the eAuthentication system to sign up for a USDA Level 2 account. To register for a USDA ID and Password, the Management Agent will need to log into this website <http://www.sc.egov.usda.gov>, Choose Register for a USDA ID and Password, Choose Create An Account Page, Choose Level 2 Access, and then complete the Create an Account page information and Submit.
- b. Once this is completed the user will receive a verification email. This verification email will provide the customer with log-on instructions that will activate their access Level. The customer must follow the instructions in the email to activate their account within 7 days of receipt, or they will have to start the process over again.
- c. The customer must present government-issued identification to the Local Registration Authority (LRA) at the Service Center office. Please refer to <http://www.sc.egov.usda.gov> (Find a service center) to find the nearest service center. Users should contact the service center prior to going to the office to be sure the LRA is available.

2. The Local Registration Authority (LRA):

- a. Uses the e-Authentication system to validate the account.
- b. Verifies the customer's identity by examining the customer's ID and confirming the name and address information.
- c. Activates the Level 2 account.
- d. Uses the eAuthentication system to grant the customer user access role.
- e. Checks the "Can Use Role" option for the customer's account.
- f. Saves the updated account.

Once the customer has a Level 2 eAuthentication account they will need to associate it to their Management Agent/MA User ID. The user will be able to do this in one of the following ways:

1. Before August 15, 2006, there will be a link on the Management Agent page in MINC and the MA User page called **Associate eAuth ID**. When this link is selected, the user will be prompted to login with their eAuthentication ID and password. When this is done, the user should receive a message stating that their ID has been successfully associated to the user ID they are currently using. The user will need to remember this eAuthentication ID and password for use when the MINC site is protected by eAuthentication.

2. After August 15, 2006, all users will be required to have a Level 2 eAuthentication account because eAuthentication will be enabled on the MINC web pages. When selecting the **Management Agent** or the **MA User** link on the MINC main page, the user will be required to login with their eAuthentication ID and password. If the ID is not associated to a Management Agent/MA User ID, they will be prompted to enter their Management Agent/MA User ID and password to associate it to the eAuthentication ID. The user will then only need to use their eAuthentication ID when logging into the MINC system.

Implementation deadline for setting up eAuthentication accounts is August 15, 2006. Please notify your borrowers using **Attachment A**.

We have notified the LRAs that Multi-Family Housing (MFH) customers will be requesting Level 2 credentials and will post this information on the MINC web site.

We encourage states that are planning training sessions or have borrower association meetings this summer to include having LRAs available to sign up management agents at that time.

If you should have any questions, please call Janet Stouder at 202-720-9728.

Subject: New Security Requirements to Access the
Rural Development's Multi-Family Housing
Interactive Network Connection System
eAuthentication Account

To: MFH Borrowers, Managers, and Management Agents

Due to departmental security requirements, Rural Development must implement a new registration process for all Management Agent (MA) Users to access the Management Interactive Network Connection (MINC) system. All users now registered in the MINC system will be required to go through the eAuthentication system to log into the MINC system.

USDA eAuthentication is the system used by USDA agencies to enable customers to obtain accounts that will allow them to access USDA Web applications and services via the Internet. This includes things such as submitting forms electronically, completing surveys online, and checking the status of your USDA accounts. To conduct official business transactions with USDA (using MINC), the registered customer must have Level 2 Assurance credentials. USDA Customers must visit a local USDA Service Center in person for Identity Verification to acquire Level 2 Assurance credentials.

What is an eAuthentication account?

You can use an eAuthentication account to access a wide range of USDA applications. You gain the convenience of transacting business with USDA online anytime, anywhere. Your eAuthentication account consists of a User ID, a password, and your customer profile containing information about you that will help USDA applications make decisions about your identity. Currently, USDA offers Accounts with Level 1 Access and Accounts with Level 2 Access.

What is Level 2 Access?

Level 2 Access will be necessary to access the MINC system. An account with Level 2 Access provides access to all the portals and applications that are covered by an account with Level 2 Access, and also provides the ability to conduct official electronic business transactions with the USDA via the Internet. You must have a valid email address to register for an account with Level 2 Access. You create a customer profile, User ID, and password that you will remember and respond to a confirmation email within seven (7) days. In addition, you must visit the nearest USDA Service Center in person and prove your identity with a current State Drivers License, State Photo ID, US Passport or US Military ID. Please note that if you do not confirm your email within the seven (7) day period, you will have to start the registration process over again by creating another profile with a new User ID.

The Step-By-Step Instructions are as follows:

The customer (*Management Agents and MA Users*)

1. To register for a USDA ID and Password, the Management Agent will need to log into this website <http://www.sc.egov.usda.gov>, Choose 'Register for a USDA ID and Password', Choose 'Create An Account Page', Choose 'Level 2 Access', and then complete the Create an Account page information and Submit.
2. Once this is completed the user will receive a verification email. This verification email will provide the customer with log-on instructions that will activate their access Level. The customer must follow the instructions in the email to activate their account within 7 days of receipt, or they will have to start the process over again.
3. Present government-issued identification to the Local Registration Authority (LRA) at the Service Center office. Please refer to <http://www.sc.egov.usda.gov> (find a service center) to find the nearest service center. Please be sure to call ahead to that service center to be certain the LRA will be able to available.
4. Once the user has a Level 2 eAuthentication account they will need to associate it to their Management Agent/MA User ID. The user will be able to do this in one of the following ways:
 - a. Before August 15, 2006, there will be a link on the Management Agent page and the MA User page called **Associate eAuth ID**. When this link is selected, the user will be prompted to login with their eAuthentication ID and password. When this is done, the user should receive a message stating that their ID has been successfully associated to the user ID they are currently logged on with. The user will need to remember this eAuthentication ID and password for use when the MINC site is protected by eAuthentication.
 - b. After August 15, 2006, all users will be required to have a Level 2 eAuthentication account because eAuthentication will be enabled on the MINC web pages. When selecting the **Management Agent** or the **MA User** link on the MINC main page, the user will be required to login with their eAuthentication ID and password. If the ID is not associated to a Management Agent/MA User ID, they will be prompted to enter their Management Agent/MA User ID and password to associate it to the eAuthentication ID. The user will then only need to use their eAuthentication ID when logging into the MINC system.

The following are the User ID and password requirements for an account with Level 2 Access:

- Your User ID must be a minimum of 6 characters and cannot exceed 20 characters. The User ID is not case sensitive. It may contain letters, numbers, and these special characters: ._-@
- Once you create a user ID, it cannot be changed.
- Your first and last names must be entered exactly as they appear on the government-issued photo ID you will be taking to the Service Center to prove your identity.
- Create a password that you will remember. The password must be a minimum of 4 characters and cannot exceed 10 characters.
- You must respond to the confirmation email before going to the Service Center, or the Service Center employee will not be able to activate your account.

NOTE: Once you present your government issued photo ID at your local USDA Service Center and your account is activated, you will be required to update your password at your next login into MINC to meet Level 2 Access password requirements of:

- The password must be a minimum of 9 characters and cannot exceed 12 characters.
- Your password, which is case sensitive, must meet these requirements:
 - Must contain at least one uppercase letter, at least one lowercase letter, and at least one non-alphabetical character, which includes numbers and these punctuation marks: !#\$%*+=+,:;? Do not use any punctuation marks not in the above list, or spaces or tabs.
 - May not contain your first or last name, your User ID, or dictionary words.

Thank you for your prompt attention to this requirement. If you should have any questions, please contact your local servicing office.

May 16, 2006

SUBJECT: Interest Rate Changes for Housing Programs
and Credit Sales (Nonprogram)

TO: Rural Development State Directors,
Rural Development Managers,
and Area Directors

ATTN: Rural Housing Program Director

The following interest rates, effective June 1, 2006, are changed as follows:

<u>Loan Type</u>	<u>Existing Rate</u>	<u>New Rate</u>
ALL LOAN TYPES		
Treasury Judgement Rate	4.820%	4.940%

The new rate shown above is as of the week ending April 28, 2006. The actual judgement rate that will be used will be the rate for the calendar week preceding the date the defendant becomes liable for interest. This rate may be found by going to the Federal Reserve web site for the weekly average 1-year Constant Maturity Treasury yield (www.federalreserve.gov/releases/h15/data/wf/tcm1y.txt).

RURAL HOUSING LOANS

Rural Housing (RH) 502		
Low or Moderate	5.750	6.000

EXPIRATION DATE:
June 30, 2006

FILING INSTRUCTIONS:
Administrative/Other Programs

Single Family Housing (SFH) Nonprogram	6.250	6.500
Rural Housing Site (RH-524), Non-Self-Help	5.750	6.000
Rural Rental Housing and Rural Cooperative Housing	5.750	6.000

Please notify appropriate personnel of these rates.

(Signed by David J. Villano) for

RUSSELL T. DAVIS
Administrator
Housing & Community Facilities Programs

Sent by Electronic Mail on 5/18/06 at 10:10 a.m. by PAD.

May 19, 2006

TO: State Directors
Rural Development

ATTENTION: Rural Housing Program Directors

FROM: David J. Villano (*Signed by David J. Villano*) for
Deputy Administrator
Single Family Housing

SUBJECT: HB-1-3550, Chapter 4 Training Document

HB-1-3550, Chapter 4 revisions were released on a Procedure Notice dated March 15, 2006. In conjunction with the Chapter 4 publication, we are sending a revised and updated summary document to provide interim guidance to the Program Directors for help with training field employees. Much of the summary document uses examples on how to use the calculation tool that Centralized Servicing Center (CSC) provided.

The attachments replace the training documents sent on March 15. We appreciate all of your questions and suggestions.

State offices should direct all questions concerning this memorandum to Mike Feinberg at (202) 720-3214 or michael.feinberg@wdc.usda.gov, or Gale Richardson at (202) 720-1459 or gale.richardson@wdc.usda.gov of the Single Family Housing Direct Loan Division.

Attachment

EXPIRATION DATE:
March 31, 2007

FILING INSTRUCTIONS:
Housing Programs

Revised May 2006

CHAPTER 4 TRAINING DOCUMENT

The Partners for Successful Home Ownership group identified income inconsistencies as a major concern for the field and CSC. The SIR and MCR findings consistently reveal weaknesses in income determinations. Chapter 4 of both Handbooks is revised to make income calculations for loan origination and loan servicing more uniform. Exhibits C, D, and E have been incorporated into the chapter with additional block examples for all types of income and expenses; the Glossary has added definitions for Annual Income and Payment Shock; and the SFH 502 and 504 Checklists are updated.

Definitions of stable and dependable income have been improved with block examples. We must take care to assure all income is properly calculated at the time of eligibility and loan approval.

All types of income are calculated in Unifi using data entered by the Loan Originator. **Attachment 4-A, “Sample Worksheet for Computing Income,”** or other **written documentation**, must be completed and placed in the applicant’s file to show what income was counted/not counted, including all overtime and bonuses, and how that income was calculated. If there is a history of overtime and the employer states overtime may not be available in the coming year, explain why you included/excluded it from the calculation.

The web based **Income Calculator** located at <http://incomecalc.sc.egov.usda.gov/> can be used to **calculate the annual income**. It is critical that you log into the **INSTRUCTIONS** (*at the top of the page on the Income Calculator menu*) and print the instructions to help you become familiar with the worksheet processing as it, if used, will need to be printed after calculation and placed in the applicant’s file.

The screen print below shows arrows pointing to the WEB SITE INSTRUCTIONS to help you locate the documents for printing.

Income Calculation - Microsoft Internet Explorer

Address: http://incomecalc.sc.egov.usda.gov/

WEB SITE INSTRUCTIONS CONTACT FIELD SUPPORT

USDA SINGLE FAMILY HOUSING INCOME CALCULATOR

USDA HOME RD HOME RHS HOME GLS HOME

Income Calculation

Account #: State Abbr:

Household Member	Age	Income Source	Pay Type	Dollars Per Pay	Hours Per Week	Weeks/Bi Per Year	Months Per Year	Ending YTD
			H					
			H					
			H					
			H					

ADJUSTMENTS

Child Care Exp: Elderly (Y/N): N

UNREIMBURSED MEDICAL EXPENSE

PP Type: Doctor: Hospital:

CALCULATIONS

H - Hourly = \$\$ per Pay * Hours * Wks
O - Overtime = \$\$ per Pay * Hours * Wks
W - Weekly = \$\$ per Pay * Wks

A new chart displaying types of income or verification sources (preferred source and acceptable alternatives) as well as types of expenses or verification sources (preferred source and acceptable alternatives) further identifies and clarifies income and expenses. Specifically:

ALL VERIFICATION SOURCES MUST BE IN ACCORDANCE WITH HANDBOOK AND INSTRUCTIONS PROVIDED.

Wages/salary - Form RD 1910-5 is still the preferred source of verification of income. Paycheck stubs, electronic verification, and oral verifications are acceptable alternative verifications. Regardless of verification sources, a copy of federal tax return will be provided by applicant or the Loan Originator will use IRS Form 4506-T to acquire return.

Any time paycheck stubs or Payroll Earnings Statements are used as alternative verification sources, they must be originals, must be the most recent, cover not less than four weeks, and include year-to-date income information. The statement must include name or social security number of applicant or adult household member.

Oral verifications must be documented in the running record and include name and title of RD employee who contacted employer, the telephone number, name and title of the person contacted, and will typically supplement a pay statement or other form. When an oral verification is used in lieu of a written verification, the circumstances must clearly warrant and be documented why written verification is not available.

Earned Income Tax Credit (EIC) – The EIC is a refundable federal income tax credit for low-income working individuals and families. The **advance EIC** allows taxpayers who are eligible for the credit to receive part of the funds in each paycheck during the year of qualification. It can only be counted as repayment income when it is received at least monthly with the regular pay check. **If the EIC is not paid through the employer, it can not be included in repayment income** but may be considered as a compensating factor. If an applicant's only income is from self-employment, they can not qualify for the EIC. **EIC is not counted as annual income.**

An example of using EIC as a compensating factor would be when the ratios are close and the applicant receives the EIC dollars included in the annual federal tax return and saves the money to use on a monthly basis throughout the year. This would require a history of maintaining the amount in a checking or savings account with a balance being continued over a period of time. This can be verified through bank statements.

(NOTE: For Tax Year 2006, the maximum advance EIC credit the employer is allowed to provide throughout the year with the employees pay is \$1,648 even though the applicant may qualify for a higher EIC when they file a tax return.)

Live-in-Aide – HUD excludes income of a live-in-aide from annual and repayment income. A live-in-aide is a person who resides with one or more elderly persons or persons with disabilities who: (1) Is determined to be essential to the care and well-being of the persons; (2) Is not obligated for the support of the persons; and (3) Would not be living in the unit except to provide the necessary supportive services. **Income received from live-in-aides**, regardless of whether it is paid by the family or a social services program **can not be counted (family members cannot be considered live-in-aides unless they are being paid by a health agency and have an address, other than a post office box, elsewhere).**

Self-Employed Persons – The Loan Originator must compare income and expense information with last **two Federal Income Tax Returns and Schedules** (as applicable) and clarify discrepancies.

Alimony or Child Support Payments – **Only if a current 12 month payment history** from the court appointed entity responsible for handling payments **is not available and formal documents were never issued** can an alternative verification source be used. If payments are made in cash, the document(s) should include both the payer and payee certifications.

Verification of Gifts – Form RD 3550-2 must be used if gifts are from an organization or person not living in the household.

Projecting Expected Income for the Next 12 Months: There are **four (4) calculation methods** for projecting income: **Straight-based, Average, Year-to-date, and Historical**. It is not always necessary to perform all four calculation methods on each loan applicant or borrower. In reviewing the application, the Loan Originator will determine the suitable methods for verified income sources and perform the applicable calculations to obtain the expected annual income for each.

Calculating Repayment Income – The ratios are based on an assumption that applicant income is taxable. If an income source is not taxable by federal law, the amount of tax savings attributable to the nontaxable income source may be added to the repayment income by “grossing up.” “Grossing up” may be approved by the next level supervisor with written justification.

DEDUCTIONS: A family may choose to count a family member (not applicant/co-applicant, etc.) who is permanently confined to a nursing home or hospital as part of the family. If the permanently confined family member is counted, the family may choose to include their income as part of the family annual income and receive the allowable deductions. If they choose to exclude the members’ income, then they will not receive the allowable deductions.

Disability Assistance Expense adds clarification on deductions allowed to enable another person to work and stipulates that if the assistance enables more than one person to be employed, the combined incomes of all persons must be included.

Medical Expense deductions are for elderly households only! As a reminder, if the household qualifies for medical expenses, expenses for the whole family are considered. Box examples point out medical expenses can include travel expense and lodging for medical treatment, provide a listing of some of the exclusions, and give a calculation on how to treat an expense paid over a period of time.

ASSETS: Block examples have been expanded to cover additional assets that are considered/not considered in calculating annual and repayment income, including retirement and disposed assets. If income from a retirement account is not available for use on a monthly basis, it should not be counted as repayment income even though the interest earned is counted as annual income.

ALL COMPENSATING FACTORS must be approved by the next level supervisor.

A **CERTIFICATE OF ELIGIBILITY**, as applicable, will be issued when the applicant is determined eligible for a loan and the **decision will be documented in the running record.**

Example # 1

Andrew (age 35) and Alex Anderson (age 33) - 2 children (ages 2 and 5)

Andrew makes \$10/hour and time and a half for overtime. He averages 5 hours overtime every other week. Alex has a previous history of three years of employment in a similar vocation but just started her house cleaning service this year. She has averaged \$300/month for the past 10 months. Alex pays \$50/week for care of their two small children. Andrew does not receive any earned income credit payments from his employer.

Using the web based Income Calculation work sheet located at <http://incomecalc.sc.egov.usda.gov/>, calculate the annual income (use separate lines to enter Andrew's wages and overtime income and Alex's self-employment income). Enter applicable child care paid, number of dependents, and number in the household.

PRINT THE INCOME CALCULATION WORK SHEETS AND FILE THEM IN THE APPLICANT'S CASE FILE.

Andrew

Wages \$10/hour x 40/hours/week x 52 weeks/year = \$20,800
Overtime \$10/hour x 1.5 = \$15/hour x 5/hours = \$75/bi-weekly x 26 weeks = \$1,950

Alex

Self-Employment \$300/month x 12/months = \$3,600

<u>Gross Annual Income:</u>	Andrew	\$22,750
	Alex	<u>\$ 3,600</u>
		\$26,350

Gross Annual Adjusted & Repayment Income: \$26,350

Adjusted Gross Income:

Child Care	\$50/week x 52/weeks = \$2,600	- 2,600
Two Children	\$480 x 2 = \$960	- <u>960</u>
		\$22,790

Andrew did not sign Form W-5, *Earned Income Credit Advance Payment Certificate*, to receive EIC advance payments and because Alex is self-employed, she is not eligible to receive the EIC advance payments. Therefore, the EIC can not be counted as repayment income.

Because Alex has a previous history of employment in the same field, we counted all of her income for annual and repayment. If she did not have the previous history of employment in the same line of work, we would only count her wages for annual income.

Example # 2

Carla Case (age 42) – 3 children (ages 13, 16, and 16)

Carla works on commission as a Real Estate sales person and must occasionally work late hours. She pays a neighbor \$5/hour to stay with her 13 year old when she works evenings.

Carla has been a top salesman for her agency over the past seven years and provided tax returns that showed her adjusted gross income after allowable business expenses was \$32,000 this past year, \$35,000 two years ago, and \$38,000 three years ago. Real Estate sales are down but Carla feels her income will remain constant at \$30,000/year. Since Carla's income showed a decline over the past several years, the Loan Originator asked for additional tax returns to cover a five year period. Income after business expenses four years ago was \$37,000 and five years ago was \$33,000. This county reflects improving trends in the economy so the Loan Originator used a 5-year income average of \$35,000.

Mr. Case is ordered by the court to pay \$100/week child support but only pays half the time. Carla does not want to enforce payments because the father helps with the children's sports activities at school. Her State has a Child Support Enforcement Agency which could help her collect support if she chose to do so.

Ms. Case receives no monthly earned income tax credit.

Using the web based Income Calculation work sheet located at <http://incomecalc.sc.egov.usda.gov/>, calculate the annual income (use separate lines to enter Carla's commission and support incomes). Enter applicable child care paid, number of dependents, and number in the household.

PRINT THE INCOME CALCULATION WORK SHEETS AND FILE THEM IN THE APPLICANT'S CASE FILE.

Carla

Commission Less Allowable Business Expense (\$55,000 - \$23,000) 2005 = \$32,000

Commission Less Allowable Business Expense (\$53,500 - \$18,500) 2004 = \$35,000

Commission Less Allowable Business Expense (\$59,000 - \$21,000) 2003= \$38,000

Commission Less Allowable Business Expense (\$61,000 - \$24,000) 2002 = \$37,000

Commission Less Allowable Business Expense (\$47,000 - \$14,000) 2001 = \$33,000

5 Year Average: $\$175,000/5 = \$35,000$

Child Support (\$100/week x 52 weeks) \$ 5,200
\$40,200

Gross Annual Income:

Carla \$40,200

Gross Annual Adjusted & Repayment Income:

Gross Income:		\$40,200
Child Support received 50% of time (\$100/week x 26 weeks)		- 2,600
Three Children (\$480 x 3 = \$1,440)		<u>- 1,440</u>
\$36,160		

Since there is a court order and the means are available to collect child support but she chooses not to pursue them, the child support must be counted as annual income (HB-1-3550, Chapter 4, paragraph 4.3 A. 7.). However, this income is not dependably available for repayment so only the amounts received are considered repayment income.

Example # 3

Rafael Riviera (age 49), Lynn Lucia (age 43), Reba Riviera (age 20), and Luke Lucia (age 9)

Mr. Riviera brought in paycheck stubs for 4 weeks showing his gross weekly income was \$650 with 8 hours overtime, \$800 with 16 hours overtime, \$500 with no overtime, and \$612.50 with 6 hours overtime; his year-to-date as of the April 15th paycheck stub was \$9,187.50. Rafael claims the overtime has been more than normal and probably will not be available throughout the year. His wage is \$12.50/hour for 40/hours per week; overtime is time and a half but, according to Rafael, is just not dependable. The VOE from his employer confirms his hourly wage and year-to-date income and states there is an average of 6 hours overtime per week. His W-2 showed he made \$30,975 in the previous year.

Ms. Lucia is disabled and receives \$700/month from Social Security; her son Luke receives \$425/month from Social Security. Mr. Riviera's daughter attends college full-time and works in the dorm for a stipend of \$900/year. Their combined medical expenses for the household average \$525/month.

Using the web based Income Calculation work sheet located at <http://incomecalc.sc.egov.usda.gov/>, calculate the annual income (use separate lines to enter all income). Enter applicable dependents, number in household, and expenses.

PRINT THE INCOME CALCULATION WORK SHEETS AND FILE THEM IN THE APPLICANT'S CASE FILE.

Rafael

Straight-based: Base pay: $\$12.50/\text{hour} \times 40/\text{hours}/\text{week} \times 52/\text{weeks}/\text{year} = \$26,000$
Overtime: $\$18.75/\text{hour} \times 6/\text{hours}/\text{week} \times 52/\text{weeks}/\text{year} = \$5,850$
Total Wages = \$31,850
Average: $(\$650 + \$800 + \$500 + \$612.50/4\text{weeks}) \times 52\text{weeks}/\text{year} = \$33,312.50$
Year-to-date: $(\$9,187.50/15\text{weeks}) \times 52/\text{weeks}/\text{year} = \$31,850$
Historical: \$30,975

Lynn

Social Security Disability: $\$700/\text{month} \times 12/\text{months}/\text{year} = \$8,400$
Social Security for Luke: $\$425/\text{month} \times 12/\text{months}/\text{year} = \$5,100$

Reba

Salary: \$900

<u>Gross Annual Income:</u>	Rafael	\$31,850
	Lynn	\$13,500
	Reba	<u>\$ 480</u>
		\$45,830

Gross Annual Adjusted & Repayment Income: \$45,830

Calculation for Medical Expense Deduction:

Medical Expense	\$525/month X 12	\$6,300
Less 3% of Gross Income	\$45,830 X 3%	<u>\$1,375</u>
Allowable deduction		\$4,925

<u>Adjusted Gross Income:</u>	\$45,830
Elderly Family	- 400
One Full-Time Student	- 480
One Child	- 480
Allowable deduction	<u>\$ 4,925</u>
	\$39,545

Even though Rafael states his overtime is not dependable, his employment records verify overtime has been received during the past and current years. Using the average overtime hours shown on his VOE, the projected annual income using the straight-based and year-to-date calculations are the same; a little more than the past year (\$875) but a little less than the 4 week pay stub average (\$1,462.50). Even though the 4-week average calculation is higher, the straight-based and year-to-date were probably more accurate based on his previous year earnings.

Example # 4

Sean Smith (age 52), Sarah Smith (age 50), Meredith Mays (age 78) – 1 foster child (age 12)

Mr. Smith works harvesting fruits/vegetables and in the local canning factory. The work is seasonal from May through November and he draws unemployment of \$335/week December through April. His wages vary; he receives a set salary amount of \$100/day harvesting the fruits/vegetables 4 days a week from May through August and \$8/hour in the canning factory for 40 hours/week September through November.

Ms. Smith cares for her elderly mother who lives with them and is a foster parent for a 12-year old child who has lived with them for 3 years. She receives \$26/day for foster care of the child. To supplement her income, she provides after school child care for a neighbor who pays her \$25/week.

Ms. Mays receives \$425/month from Social Security after they deduct her monthly Medicare payment of \$55.

Using the web based Income Calculation work sheet located at <http://incomecalc.sc.egov.usda.gov/>, calculate the annual income (use separate lines to enter Sean, Sarah, and Meredith's income). Enter applicable number of dependents, number in the household, and deductions.

PRINT THE INCOME CALCULATION WORK SHEETS AND FILE THEM IN THE APPLICANT'S CASE FILE.

Sean

Wages	$\$100/\text{day} \times 4/\text{days/week} \times 17.5/\text{weeks/year} = \$7,000$
	$\$8/\text{hour} \times 40/\text{hours/week} \times 13/\text{week/year} = \$4,160$
Unemployment	$\$335/\text{week} \times 21.5 \text{ weeks/year} = \$7,203$

Sarah

Babysitting	$\$25/\text{week} \times 39/\text{weeks/year} = \975
Foster Care	$\$26/\text{week} \times 365/\text{days} = \$9,490$

Meredith

Social Security	$\$480/\text{month} \times 12/\text{months/year} = \$5,760$
-----------------	-------------------------------------------------------------

Gross Annual Income:

Sean	\$18,363
Sarah	\$ 975
Meredith	<u>\$ 5,760</u>
	\$25,098

<u>Gross Annual Adjusted & Repayment Income:</u>	\$25,098
Meredith is not a note signer	- 5,760
Foster Care (Sarah's income)	<u>+ 9,490</u>
Repayment Income:	\$28,828

Income received from foster care is not counted as annual income but should be counted as repayment income. Meredith is not a co-maker of the promissory note; therefore her income is counted in the household annual income but can not be counted as repayment income. Since Meredith is not the borrower and is not disabled, the household can not be identified as an elderly family. Foster children living in the household can never be counted as dependents.

Example # 5

Douglas (age 26) and Danielle Davidson (age 25)

Douglas is a loan officer at the local bank. He has a wage of \$18/hour with time and a half for all overtime. Douglas indicates that it is extremely unusual for him to work overtime. He receives an annual bonus and fringe benefits such as life and health insurance, car allowance and free parking, stock options and matching contributions to his retirement plan. The VOE completed by his employer shows year-to-date income of \$30,055 as of 10-7-06 which includes overtime. The VOE shows earnings the previous year of \$36,270 with a bonus of \$3,600 but does not identify the fringe benefits. The employer states that no overtime is anticipated and the bonus is paid in December and averages 10% of the employee's annual wage.

Danielle works part-time as a waitress at the Pizza Hut and makes \$9/hour plus her tips. She did not receive tips while working in the kitchen during previous year's employment but did receive free meals. Her VOE shows year-to-date wages of \$7,635 as of 10-1-06 and a normal work week of 25 hours. Danielle states her tips are all cash and she averages \$75 week. Danielle worked at the same location for the last 30 months. She was promoted to waitress from the kitchen in January. Her W-2 for the past year showed wages of \$11,980 and quarterly reports on tips for the current year confirm the \$75 weekly average on tips.

Using the web based Income Calculation work sheet located at <http://incomecalc.sc.egov.usda.gov/>, calculate the annual income (use separate lines to enter Douglas's wages and overtime income and Danielle's wages and tips income). Enter applicable number of dependents, number in the household, and deductions.

PRINT THE INCOME CALCULATION WORK SHEETS AND FILE THEM IN THE APPLICANT'S CASE FILE.

Douglas

Straight-based:	$\$18/\text{hour} \times 40/\text{hours/week} \times 52/\text{weeks/year} = \$37,440$
Estimated Bonus:	$\$37,440 \times 10\% = \$3,744$ rounded to \$3,700
Total:	\$41,140
Year-to-date:	$\$30,055/41 \text{ weeks} \times 52/\text{weeks/year} = \$38,118$
Estimated Bonus:	$\$38,118 \times 10\% = \$3,811$ rounded to \$3,800
Total:	\$41,918
Historical:	$\$36,270 + \$3,500 \text{ bonus} = \$39,770$

Danielle

Wages	$\$9/\text{hour} \times 25/\text{hours/week} \times 52 \text{ weeks/year} = \$11,700$
Tips	$\$75/\text{week} \times 52 \text{ weeks/year} = \$3,900$
Total:	\$15,600

<u>Gross Annual Income:</u>	Douglas	\$41,140
	Danielle	<u>\$15,600</u>
		\$56,740

<u>Gross Annual Adjusted & Repayment Income:</u>	\$56,740
-------------------------------------------------------------	----------

Even though Douglas had an income of \$39,770 in the previous year, his straight-based and year-to-date estimates more adequately reflect his current earnings over \$41,140 and \$41,918. Therefore the straight-based income plus the estimated bonus were used for proposed annual income.

Danielle did not earn tip income last year because she was in a different position for the same employer. Even though she has only 9 months history receiving tip income, the Loan Originator called the employer who indicated a favorably probability of continued employment. This, coupled with her 30 month history, let the Loan Originator to consider the tip income as stable and dependable enough to include in repayment income.

Example 1

Income Calculation - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Address: http://incomcalc.sc.egov.usda.gov/

Income Calculation

Account #: 0001 State Abbr: 00

Household Member	Age	Income Source	Pay Type	Dollars Per Pay	Hours Per Week	Weeks/Bi Per Year	Months Per Year	Ending YTD
Andrew Anderson	35	Wages	H	10	40	52		
Andrew Anderson	35	overtime	O	15	5	26		
Alex Anderson	33	Self-Employed	M	300			12	
			H					

ADJUSTMENTS

Child Care Exp: 2600

Elderly (Y/N): N

Nbr Dependents: 2

Nbr In Household: 4

UNREIMBURSED MEDICAL EXPENSE

PP Type: Doctor: Hospital: Insurance: Medication: Other:

\$\$ PP:

CALCULATIONS

H - Hourly = \$\$ per Pay * Hours * Wks

O - Overtime = \$\$ per Pay * Hours * Wks

W - Weekly = \$\$ per Pay * Wks

B - Biweekly = \$\$ per Pay * BiWks

M - Monthly = \$\$ per Pay * Months

C - Calculated = \$\$ per Pay / Days * 365

Y - Yearly = \$\$ per Pay

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Income Calculator - Microsoft Internet Explorer

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Account Nbr: 0001

State Abbr: 00

Household Member	Age	Income Source	Pay Type	Dollars Per Pay	Hours Per Week	Weeks/Bi Per Year	Months Per Year	Ending YTD	Gross Income
Andrew Anderson	35	Wages	H	\$10.00	40	52			\$20,800.00
Andrew Anderson	35	overtime	O	\$15.00	5	26			\$1,950.00
Alex Anderson	33	Self-Employed	M	\$300.00			12		\$3,600.00
			H	\$0.00					\$0.00

ADJUSTMENTS

UNREIMBURSED MEDICAL EXPENSE

TOTALS

CALCULATIONS

Child Care Exp	\$2,600.00	PP Type	\$\$ PP	Tot. Gross Inc.	\$26,350.00	H - Hourly	= \$\$ per Pay * Hours * Wks
Elderly (Y/N)	N	Doctor:	\$0.00	Medical Ded	\$0.00	O - Overtime	= \$\$ per Pay * Hours * Wks
Nbr Dependents	2	Hospital:	\$0.00	Child Care Ded	\$2,600.00	W - Weekly	= \$\$ per Pay * Wks
Nbr In Household	4	Insurance:	\$0.00	Elderly Ded	\$0.00	B - Biweekly	= \$\$ per Pay * BiWks
		Medication:	\$0.00	Dependent Ded	\$960.00	M - Monthly	= \$\$ per Pay * Months
		Other:	\$0.00	Tot. Adjustments	\$3,560.00	C - Calculated	= \$\$ per Pay / Days * 365
				Adj. Gross Inc.	\$22,790.00	Y - Yearly	= \$\$ per Pay
						Med Expense	= Exp - (Gross Inc * 3%)
						Child Care Exp	= Exp
						Elderly Family	= Yes 400.00 / No 0.00
						Dependents	= Number * 480.00

Done Trusted sites

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3:11 PM

Example 2

Income Calculation - Microsoft Internet Explorer

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Address: http://incomcalc.sc.egov.usda.gov/

USDA SINGLE FAMILY HOUSING INCOME CALCULATOR

USDA HOME RD HOME RHS HOME GLS HOME

Income Calculation

Account #: 0002 State Abbr: 00

Household Member	Age	Income Source	Pay Type	Dollars Per Pay	Hours Per Week	Weeks Bi Per Year	Months Per Year	Ending YTD
Carla Case	42	Sales Commission	Y	35000				
Carla Case	42	Child Support	W	100		52		
			H					
			H					

ADJUSTMENTS

Child Care Exp:

Elderly (Y/N):

Nbr Dependents:

Nbr In:

UNREIMBURSED MEDICAL EXPENSE

PP Type:

Doctor:

Hospital:

Insurance:

Medication:

CALCULATIONS

H - Hourly = \$\$ per Pay * Hours * Wks

O - Overtime = \$\$ per Pay * Hours * Wks

W - Weekly = \$\$ per Pay * Wks

B - Biweekly = \$\$ per Pay * BiWks

Done

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Example 3

Income Calculation - Microsoft Internet Explorer

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Address http://incomecal.sc.egov.usda.gov/

USDA HOME RD HOME RHS HOME GLS HOME

Income Calculation

Account #: 0003 State Abbr: 00

Household Member	Age	Income Source	Pay Type	Dollars Per Pay	Hours Per Week	Weeks: Bi Per Year	Months Per Year	Ending YTD
Rafael Riviera	49	Wages	Y	31850				
Lynn Lucia	43	Social Security	M	700			12	
Lynn Lucia	43	Disability	M	425			12	
Reba Riviera	20	Salary	Y	480				

ADJUSTMENTS

Child Care Exp

Elderly (Y/N)

Nbr Dependents

Nbr In Household

UNREIMBURSED MEDICAL EXPENSE

Doctor:

Hospital:

Insurance:

Medication:

Other:

CALCULATIONS

H - Hourly = \$\$ per Pay * Hours * Wks

O - Overtime = \$\$ per Pay * Hours * Wks

W - Weekly = \$\$ per Pay * Wks

B - Biweekly = \$\$ per Pay * BiWks

M - Monthly = \$\$ per Pay * Months

C - Calculated = \$\$ per Pay / Days * 365

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Income Calculator - Microsoft Internet Explorer

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USDA SINGLE FAMILY HOUSING INCOME CALCULATOR

USDA HOME RD HOME RHS HOME GLS HOME

Income Calculation Results

Account Nbr: 0003 State Abbr: 00

Household Member	Age	Income Source	Pay Type	Dollars Per Pay	Hours Per Week	Weeks/Bi Per Year	Months Per Year	Ending YTD	Gross Income
Rafael Riviera	49	Wages	Y	\$31,850.00					\$31,850.00
Lynn Lucia	43	Social Security	M	\$700.00			12		\$8,400.00
Lynn Lucia	43	Disability	M	\$425.00			12		\$5,100.00
Reba Riviera	20	Salary	Y	\$480.00					\$480.00

ADJUSTMENTS		UNREIMBURSED MEDICAL EXPENSE		TOTALS		CALCULATIONS	
Child Care Exp	\$0.00	PP Type	\$ \$ PP	Tot. Gross Inc.	\$45,830.00	H - Hourly	= \$ \$ per Pay * Hours * Wks
Elderly (Y/N)	Y	Doctor:	\$0.00	Medical Ded	\$0.00	O - Overtime	= \$ \$ per Pay * Hours * Wks
Nbr Dependents	2	Hospital:	\$0.00	Child Care Ded	\$0.00	W - Weekly	= \$ \$ per Pay * Wks
Nbr In Household	4	Insurance:	\$0.00	Elderly Ded	\$400.00	B - Biweekly	= \$ \$ per Pay * BiWks
		Medication:	\$0.00	Dependent Ded	\$960.00	M - Monthly	= \$ \$ per Pay * Months
		Other:	\$0.00	Tot. Adjustments	\$1,360.00	C - Calculated	= \$ \$ per Pay / Days * 365

Done Trusted sites

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3:31 PM

Example 4

Income Calculation - Microsoft Internet Explorer

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Address: http://incomcalc.sc.egov.usda.gov/

USDA SINGLE FAMILY HOUSING INCOME CALCULATOR

USDA HOME RD HOME RHS HOME GLS HOME

Income Calculation

Account #: State Abbr:

Household Member	Age	Income Source	Pay Type	Dollars Per Pay	Hours Per Week	Weeks Bi Per Year	Months Per Year	Ending YTD
Sean Smith	52	Wages	Y	11160				
Sean Smith	52	Unemployment	Y	7203				
Sarah Smith	50	Babysitting	W	25		39		
meredith Mays	78	Social Security	M	480			12	

ADJUSTMENTS

Child Care Exp:

Elderly (Y/N):

Nbr Dependents:

Nbr In:

UNREIMBURSED MEDICAL EXPENSE

PP Type:

Doctor:

Hospital:

Insurance:

Medication:

CALCULATIONS

H - Hourly = \$\$ per Pay * Hours * Wks

O - Overtime = \$\$ per Pay * Hours * Wks

W - Weekly = \$\$ per Pay * Wks

B - Biweekly = \$\$ per Pay * BiWks

M - Monthly = \$\$ per Pay * Months

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USDA SINGLE FAMILY HOUSING INCOME CALCULATOR

USDA HOME RD HOME RHS HOME GLS HOME

Income Calculation Results

Account Nbr: 0004 State Abbr: 00

Household Member	Age	Income Source	Pay Type	Dollars Per Pay	Hours Per Week	Weeks.Bi Per Year	Months Per Year	Ending YTD	Gross Income
Sean Smith	52	Wages	Y	\$11,160.00					\$11,160.00
Sean Smith	52	Unemployment	Y	\$7,203.00					\$7,203.00
Sarah Smith	50	Babysitting	W	\$25.00		39			\$975.00
Meredith Mays	78	Social Security	M	\$480.00			12		\$5,760.00

ADJUSTMENTS		UNREIMBURSED MEDICAL EXPENSE		TOTALS		CALCULATIONS	
Child Care Exp	\$0.00	PP Type	\$ \$ PP	Tot. Gross Inc.	\$25,098.00	H - Hourly	=\$ per Pay * Hours * Wks
Elderly (Y/N)	N	Doctor:	\$0.00	Medical Ded	\$0.00	O - Overtime	=\$ per Pay * Hours * Wks
Nbr Dependents		Hospital:	\$0.00	Child Care Ded	\$0.00	W - Weekly	=\$ per Pay * Wks
Nbr In Household	3	Insurance:	\$0.00	Elderly Ded	\$0.00	B - Biweekly	=\$ per Pay * BiWks
		Medication:	\$0.00	Dependent Ded	\$0.00	M - Monthly	=\$ per Pay * Months
		Other:	\$0.00	Tot. Adjustments	\$0.00	C - Calculated	=\$ per Pay / Days * 365

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Example 5

Income Calculation - Microsoft Internet Explorer

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USDA SINGLE FAMILY HOUSING INCOME CALCULATOR

USDA HOME RD HOME RHS HOME GLS HOME

Income Calculation

Account #: 0005 State Abbr: 00

Household Member	Age	Income Source	Pay Type	Dollars Per Pay	Hours Per Week	Weeks Bi Per Year	Months Per Year	Ending YTD
Douglas Davidson	26	Wages	H	18	40	52		
Douglas Davidson	26	Bonus	Y	3700				
Danielle Davidson	25	Wages	H	9	25	52		
Danielle Davidson	25	Tips	W	75		52		

ADJUSTMENTS

Child Care Exp:

Elderly (Y/N):

Nbr Dependents:

Nbr In:

UNREIMBURSED MEDICAL EXPENSE

PP Type:

Doctor:

Hospital:

Insurance:

Medication:

CALCULATIONS

H - Hourly = \$\$ per Pay * Hours * Wks

O - Overtime = \$\$ per Pay * Hours * Wks

W - Weekly = \$\$ per Pay * Wks

B - Biweekly = \$\$ per Pay * BiWks

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WEB SITE INSTRUCTIONS CONTACT FIELD SUPPORT

**SINGLE FAMILY HOUSING
INCOME CALCULATOR**

USDA HOME RD HOME RHS HOME GLS HOME

Income Calculation Results

Account Nbr: 0005 State Abbr: 00

Household Member	Age	Income Source	Pay Type	Dollars Per Pay	Hours Per Week	Weeks/BI Per Year	Months Per Year	Ending YTD	Gross Income
Douglas Davidson	26	Wages	H	\$18.00	40	52			\$37,440.00
Douglas Davidson	26	Bonus	Y	\$3,700.00					\$3,700.00
Danielle Davidson	25	Wages	H	\$9.00	25	52			\$11,700.00
Danielle Davidson	25	Tips	W	\$75.00		52			\$3,900.00

ADJUSTMENTS		UNREIMBURSED MEDICAL EXPENSE		TOTALS		CALCULATIONS	
		PP Type	\$ \$ PP	Tot. Gross Inc.			
Child Care Exp	\$0.00			\$56,740.00	H - Hourly		=\$ per Pay * Hours * Wks
Elderly (Y/N)	N	Doctor:	\$0.00	Medical Ded	\$0.00	O - Overtime	=\$ per Pay * Hours * Wks
Nbr Dependents		Hospital:	\$0.00	Child Care Ded	\$0.00	W - Weekly	=\$ per Pay * Wks
Nbr In Household	2	Insurance:	\$0.00	Elderly Ded	\$0.00	B - Biweekly	=\$ per Pay * BI/Wks
		Medication:	\$0.00	Dependent Ded	\$0.00	M - Monthly	=\$ per Pay * Months
		Other:	\$0.00	Tot. Adjustments	\$0.00	C - Calculated	=\$ per Pay / Days * 365

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May 19, 2006

TO: State Directors
Rural Development

ATTENTION: Program Directors and Multi-Family Housing Personnel

FROM: Russell T. Davis (***Russell T. Davis***)
Administrator
Housing and Community Facilities Programs

SUBJECT: Requesting Funds from the National Office
Sections 514/516 Farm Labor Housing Loan and Grant
Section 515 Rural Rental Housing

This unnumbered letter provides guidance on requesting funds from the National Office for the above-mentioned programs. To expedite the processing of your request, please adhere to the instructions outlined in this letter when requesting funds.

When requesting funds for obligation, each request should include the following information:

- Applicant and Property Name
- Amount of loans and/or grant requested
- Description of repairs
- Amount of funds from other sources

Additionally, the following questions should be addressed in an attachment that is to be submitted when you submit the "Request for Obligation of FY 2006 Funds":

1. How many units?
2. How many vacant units?
3. If Farm Labor Housing, how many units are occupied by farmworkers?
4. When was the property built?
5. Have there been any other renovations on this property recently (last 5 years)?
6. List the year and amount of loans and grants that were obligated.
7. The year and date loans and grants closed.
8. What is the MFIS classification?
9. What were the findings of the last site visit?

EXPIRATION DATE:
September 30, 2006

FILING INSTRUCTIONS:
Housing Programs

10. Are the property owner/managers in compliance with the regulations and housing code ordinances?
11. What is the balance in the reserve account?

Each request for funds from the Administrator's Reserve must be submitted in the form of a memorandum addressed to the Administrator, attention Michael G. Steininger and must include the information outlined above. The request should be signed by the State Director.

Requests for funds from the Administrator's Reserve will routinely be recommended for funding in the order in which the request was received in the National Office. However, any requests based on emergencies or hardships will receive top consideration for funding. If you are requesting funds for cost overruns, please refer to 7 CFR part 3560, §3560.63 (f), for guidance regarding cost overruns.

You may submit the form "Request for Obligation of FY 2006 Funds" along with the memorandum requesting Administrator Reserve funds. Please fill in all applicable information and the form must be signed by the State Director.

Please contact Tammy Daniels, Senior Loan Specialist, (202) 720-0021, if there are any questions regarding this correspondence.

May 19, 2006

TO: State Directors
Rural Development

ATTN: Community Programs Directors and those responsible for Community
Facilities Programs

FROM: Russell T. Davis (Signed by Russell T. Davis)
Administrator
Rural Housing Service

SUBJECT: Revised Rules Applicable to Critical Access Hospitals
Designated as Necessary Providers

The purpose of this unnumbered letter is to inform you of a final rule published by the Centers for Medicare and Medicaid Services (CMS) that addresses the relocation of necessary provider Critical Access Hospitals (CAH's).

CMS released its final rule on the inpatient prospective payment system (PPS) for FY 2006. While the final rule includes numerous provisions, the one of great concern defines how a Critical Access Hospital (CAH) that was designated by a State as a "necessary provider" can retain that status after relocating its facility. The Medicare Modernization Act of 2003 eliminated the authority of states to designate CAHs as "necessary providers." This designation allowed a CAH to be situated less than 35 miles from the nearest hospital. The ability of a hospital to become a CAH based on a state designation of the facility as a necessary provider expired January 1, 2006. If a CAH relocates after January 1, 2006, it will have to comply with new regulations included in this final rule to maintain its CAH status. The final regulation allows relocation of the CAH if it meets the three criteria of a "75 percent" test. That is, the CAH in its new location must:

- (i) Serve at least 75 percent of the same service area that it served prior to its relocation;
- (ii) Provide at least 75 percent of the same services that it provided prior to the relocation;
and
- (iii) Be staffed by 75 percent of the same staff (including medical staff, contracted staff and employees) that were on staff at the original location.

EXPIRATION DATE:
May 31, 2007

FILING INSTRUCTIONS:
Community/Business Programs

The new rule appeared in the August 12, 2005 Federal Register and was in effect as of October 1, 2005.

On November 14, 2005, CMS issued interpretive guidelines that are specific, restrictive and apply to all CAHs seeking to relocate, regardless of necessary provider designation. The guidelines also defined the terms “mountainous terrain” and “secondary road.” These guide lines can be viewed at the following website http://www.aha.org/aha/key_issues/rural/content/SC-06-04-02CAHGuidance.pdf

The new regulation and its interpretive guidelines establish a methodology to be used by CMS to provide a fair and consistent determination as to whether a CAH remains essentially the same provider serving the same community after relocation and therefore may continue to operate under the same Medicare provider agreement.

Prior to any relocation of a CAH, the CAH must send a letter of intent to CMS. The CAH should send the letter in the early planning stage of its relocation and prior to spending or obligating significant funds and resources. The letter should state that the CAH plans to relocate and must attest that it will continue to be essentially the same provider serving the same community but at a new location. CMS will evaluate the letter of attestation and documentation provided by the CAH. CMS will advise the CAH of the results of its preliminary evaluation. **The final determination will not occur until after the CAH relocates.** Once the CAH has completed its relocation and has forwarded all required documentation to CMS, a determination will be made and the CAH will be notified in a letter as to whether the CAH will retain the same provider agreement and, as applicable whether the CAH can retain its necessary provider designation.

The letter from CMS indicating the CAH will retain the same provider agreement and its necessary provider designation should be included as a requirement in the Conditional Commitment for Guarantee for Community Programs Guaranteed Loans and the Letter of Conditions for Community Facilities Direct Loan and grants.

Also, be aware that the American Hospital Association (AHA) provided a survey to critical access hospital CEO's asking whether new federal guidelines on the relocation of CAH's will inhibit their plans to relocate or rebuild. The feedback from the survey will be shared with CMS and will assist in communicating the need for any changes to the guidelines.

If you have any questions, please contact Shirley J. Stevenson, Loan Specialist, at (202) 205-9685.

May 23, 2006

SUBJECT: Retention of Hurricane Related Records and Coordination of
Related Freedom of Information Act Requests

TO: Rural Development State Directors
Rural Development National Office Officials

ATTN: Administrative Program Directors,
Management Control Officers and
Freedom of Information Act Coordinators

The Deputy Secretary for the United States Department of Agriculture has ordered that, until further notice, agencies will retain, preserve, and maintain all records relating to Hurricane Katrina or the resulting aftermath, whether presently existing or created in the future. This includes records maintained in any form.

If you receive a request for records regarding Hurricane Katrina, please forward the request and a copy of any responsive records to my office for compilation and dissemination to the requestor. Please mark on the outside of the envelope "Hurricane Records" and use the following address when sending this information:

USDA/Rural Development
Attn: Sherie Hinton Henry
1400 Independence Avenue, SW, Stop 0720
Washington, DC 20250-0720

For purposes of clarity, "Records" is meant in the broadest sense, and includes all documents, reports, writings, letters, memoranda, notes, communications (including e-mails, faxes, telephone records, communications with other Federal agencies, state and local governments, and all private sector entities), contracts, agreements, schedules, spreadsheets, travel records, data, electronically stored information, audio and video recordings, photographs, computer disks and hard drives, drawings, graphs, charts, and all other records of any kind.

EXPIRATION DATE:
May 31, 2007

FILING INSTRUCTIONS:
Administrative/Other Programs

Please notify Dorothy Hinden, Rural Development FOIA Officer at (202) 692-0031 or by e-mail to dorothy.hinden@wdc.usda.gov of any Freedom of Information Act (FOIA) requests that are received concerning Hurricane Katrina. Also, if you have any questions regarding FOIA requests please contact Ms. Hinden.

If you have any questions regarding records retention on this issue, please contact Andrea Jenkins, Rural Development Records Officer, at (202) 692-0029 or by e-mail to andrea.jenkins@wdc.usda.gov.

(Signed by Sherie Hinton Henry)

SHERIE HINTON HENRY
Deputy Administrator for
Operations and Management

Sent by electronic mail on 5/25/06 at 4:45 by SSD.
State Directors and National Office Officials should advise other personnel as appropriate.

May 24, 2006

TO: State Directors
Rural Development

ATTN: Community Programs Directors

FROM: Russell T. Davis (*Signed by Russell T. Davis*)
Administrator
Housing and Community Facilities Programs

SUBJECT: Guidance on Preparation of Financial Feasibility Evaluations
of Community Facilities Projects

INTRODUCTION:

The purpose of this unnumbered letter is to provide guidance and information to State Offices to assist them in the financial feasibility evaluation of proposals for financing under Community Programs. Rural Development Instruction 3575-A, section 3575.47 and Rural Development Instruction 1942-A, section 1942.17 (h) establishes the requirements for financial feasibility. These sections address the requirement for a financial feasibility evaluation on all projects. For smaller, less complex projects, an analysis may be appropriate, while for larger, more complex projects, requiring a financial feasibility report is necessary. Attachment "A" to this memorandum provides examples of projects that require either a financial feasibility analysis or a full financial feasibility report prepared by an independent consultant.

Additionally, based upon the number of dockets reviewed by the National Office for concurrence, it has been concluded that the overall quality of the financial feasibility reports for larger health care facilities is less than desirable. A major concern is that the financial evaluation is not supported by an examination opinion. It is the examination opinion, backed by the consultant's professional liability insurance that is relied upon when making a Community Facilities loan or guarantee. An examination opinion in accordance with the standards of attestation of the American Institute of Certified Public Accountants (AICPA) is required on community facility projects. In some cases, compilations of financial information provided by the applicant are being erroneously accepted in lieu of a Certified Public Accountant's (CPA) examination opinion. Familiarity with the various types of CPA engagements or services is necessary to understand the reliability of the financial analysis. Attachment "B" to this memorandum describes the type of financial engagement services that we are typically seeing.

It is intended that staff have a solid grasp of the professional standards used by project consultants. Sound financial feasibility will support a project that will be of true benefit to the community and one that has the ability to properly meet its financial obligations.

If you have any questions concerning this issue, please contact Kendra Doedderlein at (202)720-1503.

Attachments

EXPIRATION DATE:
May 31, 2007

FILING INSTRUCTIONS:
Community/Business Programs

**FINANCIAL FEASIBILITY ANALYSES
and
FINANCIAL FEASIBILITY REPORTS**

Financial Feasibility Analysis

Rural Development regulations require a financial feasibility analysis on facilities providing fire and rescue services, facilities that are not dependent upon facility revenues, loans of less than \$500,000, and similar facilities that have been operated by the borrower successfully. The analysis may be prepared by the borrower, lender or other qualified consultant based upon agency guidelines in Exhibit A of Rural Development Instruction 3575-A entitled "Financial Feasibility Report (General)"; and, for the Community Facilities Direct Loan Program, Guide 5 to RD Instruction 1942-A, and RD Instruction 1942-C. On utility projects, the consulting engineer may complete the analysis. These types of facilities do not require the in-depth study that start-ups and larger, more complex projects or projects of a unique nature require.

Financial Feasibility Report

A financial feasibility report is required on community facility projects that involve the start-up of a new facility, an expansion, improvement or renovation that will result in a substantial change in scope, a larger more complex project, or a project of a unique nature. The financial feasibility report will address the adequacy of equity, cash flow from reliable sources, security, history, management capabilities of the applicant, need for the facility and competition. The report is complimented by a technical report, such as the preliminary architectural report. The financial feasibility report is to be prepared by an independent consultant with the necessary experience, qualifications and expertise to perform the study. Rural Development personnel should verify the consultant's professional expertise to perform the work, as well as, requiring the consultant to declare any other relationship held with the applicant prior to commencing work, a written qualification statement showing the consultant's credentials and experience in completing financial feasibility reports and active professional liability insurance coverage. Examples are as follows:

<u>Project</u>	<u>History</u>	<u>Evaluation Needed</u>	<u>Reason</u>
Medical Equipment for Public Clinic	\$200,000 loan request 5 year operating history	Financial feasibility analysis	Successful history Below \$500,000
Renovation of assisted living center	\$900,000 20 year operating history	Financial feasibility analysis	Successful history No change in scope of operations
Dinosaur museum	\$2,800,000 loan request Start-up	Financial feasibility report	Start-up No history
Critical access hospital, new location & services	\$17,000,000 50 year operating history	Financial feasibility report	Change in scope, size and complexity
Emergency services equipment & bldg.	\$3,500,000 New facility revenue bond security w/tax revenue	Financial feasibility analysis	Assured income to cover debt
Community theater	\$8,000,000 loan request Established theater group Solid fund raising Campaign	Financial feasibility report	Start-up Lack of successful history

FINANCIAL FEASIBILITY ENGAGEMENTS

An Examination Opinion in Accordance with the Standards of Attestation of the American Institute of Certified Public Accountants

A very important component of the financial feasibility report is the financial analysis. The examination in accordance with the standards of attestation of the American Institute of Certified Public Accountants of the financial information provided by the applicant will culminate in an examination opinion on the reliability of the applicant's financial statements and management's underlying assumptions. A Certified Public Accountant's written opinion is held with confidence and supported by the reputation of the Certified Public Accountant and/or firm and further backed by professional liability insurance.

A Compilation Report of Financial Information Provided by Management

A compilation is a presentation of financial statements provided by applicant's management in the form of a report. An opinion is not rendered, nor is assurance provided on the statements or the underlying assumption. The compilation report cannot be relied upon to support the viability of a community facilities project.

A Compilation Report with Agreed Upon Procedures

At the time of the engagement of services the client specifies the procedures to be used in reviewing and testing the financial information provided by management. This form of engagement is accepted, where the scope of the engagement is not sufficient to express an opinion. The compilation report with agreed upon procedures cannot be relied upon to support the viability of a community facilities project.

May 25, 2006

SUBJECT: Enterprise Human Resources Integration

TO: Rural Development State Directors
Chief, Field Services Branch
Chief, Headquarters Personnel Services Branch

ATTN: Administrative Program Directors
Human Resources Managers

As a follow up to the information provided in the April 13, 2006, memorandum on the Enterprise Human Resource Integration (ERHI), the electronic Official Personnel Folder (eOPF) initiative, the National Office has moved forward in the following areas:

1. An eOPF Team has been formed consisting of various Human Resources personnel. The Project Manager for the eOPF initiative is Ginger Holmes, Human Resources Specialist, in the National Office. The full eOPF team consists of the following Rural Development employees:
 - Arleen Christian, Acting Assistant Administrator for Human Resources, National Office
 - Ginger Holmes, Human Resources Specialist, National Office
 - Jennifer Chandler, Human Resource Specialist, National Office
 - Martie Barnes, Human Resources Specialist, National Office
 - Bernadette Miller, Human Resources Specialist, National Office
 - Mischa Walker, Human Resources Specialist, St. Louis
 - Linda Kilgore, Human Resources Specialist, St. Louis
 - Barbara Sefchick, Human Resources Manager, Ohio State Office

EXPIRATION DATE:
May 31, 2007

FILING INSTRUCTIONS:
Administrative/Other Programs

- Marjorie Beverly, Human Resources Specialist, National Office
 - Becky Cash, Human Resources Specialist (Labor Relations), National Office
 - Montsie Yarborough, Human Resources Manager, South Carolina State Office
 - Julie Wilson, Human Resources Manager, Illinois State Office
 - Rose King, Supervisory Information Technology Specialist, National Office
2. Planning discussions have transpired in order to discuss initial plans for the Fast Track implementation. Fast Track is the process of having all future Standard Form (SF) 50s, "Notification of Personnel Actions," sent electronically from the National Finance Center (NFC) directly to the eOPFs. After Fast Track has been implemented, you will no longer receive paper SF-50s from NFC. Human Resources staff and employees will have to access the eOPF system in order to view and/or print those SF-50s electronically. The projected date, which is subject to change, for Fast Track implementation is July 30, 2006. Training will be provided before implementation. We will keep you informed as changes occur and provide frequent updates to progress and decisions made regarding this initiative.
 3. Backfile Conversion is the process of having the hard copies of all Official Personnel Folders (OPFs), scanned and merged with the eOPFs created during the Fast Track phase. In preparation for the Backfile Conversion, each office with responsibility of maintaining OPFs will be required to review and purge any extraneous materials filed in the OPFs. Any documents that are not required to be filed in the OPF should be purged accordingly prior to Backfile Conversion. Purging of all OPFs is critical as Rural Development is being charged \$.33 cents for every page scanned. Please notify Ginger Holmes in the National Office when the OPFs at your location have been purged. The implementation date for Backfile Conversion is projected to be September 30, 2007.
 4. It is anticipated that when the Backfile Conversion process begins, each office having OPF responsibility will be required to prepare a manifest of employees; box and ship the OPFs in phases, to the National Office. The costs associated with shipping the OPFs to Washington, DC, will be the responsibility of the originating office. Separate notifications will be sent out to each office with specific instructions on Backfile conversion procedures.
 5. In an effort to answer the questions received from field locations regarding the eOPF project, a Frequently Asked Questions document has been created and is attached to this correspondence. This document will be updated as new questions are received and answered.

We will provide updated information as soon as it becomes available. For those locations with unions, a separate memorandum will be sent to you by the Labor Relations Staff in the National Office which will provide appropriate information and official notification to your union to trigger the bargaining process. If you have any questions, please contact Ginger Holmes, Human Resources Specialist, on (202) 692-0223 or via e-mail at Ginger.Holmes@wdc.usda.gov.

(Signed by Sherie Hinton Henry)

SHERIE HINTON HENRY
Deputy Administrator
for Operations and Management

Attachment

Frequently Asked Questions on EOPF Initiative

Number	Question	Response
1.	Will the employee still be receiving a copy of the SF-50's?	Once the Fast Track phase of the eOPF project has been implemented, employees and HR Offices will no longer receive paper copies of SF-50's. SF-50's can be obtained, viewed and printed by accessing the eOPF system. Every Rural Development employee will be able to access the system to review his/her records. Human Resources staff will have additional rights in order to obtain information from all employees within their specific location/office.
2.	When the OPFs are sent to the National Office for the OPM's contractor to scan, what kind of information should we be keeping until they are scanned and HR offices have access to the eOPF application?	Each Human Resource Office, along with all employees will have access to the eOPF system after the Fast Track Phase of the Project has been implemented. The National Office will determine, and provide guidance regarding any documents each office should retain from the OPFs prior to shipping.
3.	If we have an employee who retires, we normally pull the original FEHB and FEGLI documents, any designation of beneficiary forms and include them in the retirement package. How will this be handled with e-OPF?	<p>During the Backfile Conversion phase of the project, if a specific employee's record has not been scanned, individual HR Offices can notify the eOPF Project Team Leader to request the original forms for a specific employee. The eOPF Project Team Leader will request the entire OPF be returned from the Scanning Center. The eOPF Project Team Leader will then remove the requested documents, and send to the requesting office. Copies will be made of the documents and replaced in the OPF prior to returning to the Scanning Center.</p> <p>However, once all OPFs have been scanned into the eOPF system, the documents required to be included in a retirement packet can be located and printed by accessing the system.</p>
4.	The SF-1150, Record of Leave Data Transfer is generated when an employee resigns, retires or is separated from the Federal Service. This document is filed on the temporary side of the OPF. How will this be handled?	This question was brought to the attention of the Department eOPF Project Team. They are looking into how the SF-1150 will be handled and we will provide that information as it is released to us.
5.	A lot of employees keep their own folders with copies of all personnel actions.	Yes, all Rural Development employees will have the ability to access their

	If we are not receiving and distributing hard copies of the SF-50's, will employees have view access to their eOPF?	eOPF and either view and/or print copies of their SF-50's.
6.	Since Fast Track is the first phase of the eOPF project, should we be printing the SF-50's from RFQS or not print them at all?	Once the Fast Track phase has been implemented, local HR Offices will no longer need to print SF-50's for the OPF's. Fast Track is the process where NFC will send directly all future SF-50's directly to the eOPF system. Until Fast Track has been implemented, HR Offices will still be required to print, file, and distribute SF-50's as a standard operating procedure.
7.	When the eOPF process is completed what is the disposition of the OPF? If it is destroyed, whose responsibility will that be?	The Office of Personnel Management (OPM) has not yet made a determination as to what the disposition of paper OPFs will be. In a recent teleconference, an OPM representative mentioned they may provide agencies with several options in disposing OPFs. The National Office will provide all offices this information once a final determination has been made.

Revised on: May 12, 2006

May 25, 2006

SUBJECT: Rural Business Enterprise Grant Program
Technical Assistance for Rural Transportation Systems
Fiscal Year 2006

TO: State Directors, Rural Development

ATTN: Business Programs Directors

We have recently completed the Technical Assistance for Rural Transportation Systems funding cycles. A notice was published in the Federal Register on March 15, 2006, announcing that a single \$495,000 grant would be available from the funds appropriated under the Rural Business Enterprise Grant program and another single \$247,500 grant from the Federally Recognized Native American Tribes set-aside for improving passenger transportation services or facilities. One pre-application competed for the \$495,000 earmark and one pre-application competed for the \$247,500 Native American set-aside. The Community Transportation Association of America was selected for both grant awards.

For Rural Transportation the projects include:

OR/WA	Human Services Council
MS	LIFT, Inc.
NH	North Country Transportation
CA	High Sierra Energy Foundation

For Native American Tribes set-aside, the projects include:

OK	Choctaw Nation
MN	Leech Lake Band of Ojibwe
MT	Crow Tribe

EXPIRATION DATE:
September 30, 2006

FILING INSTRUCTIONS:
Community/Business Programs

In addition to the three projects listed above, the Native American set-aside will also assist four short term projects which include:

OK	Seminole Nation of Oklahoma
OK	Ponca Tribe of Oklahoma
AK	Akutan Traditional Council
MT	Blackfeet Tribe

(Signed by Pandor H. Hadjy) for

WILLIAM F. HAGY III
Deputy Administrator
Business Programs

May 26, 2006

TO: State Directors
Rural Development

FROM: Russell T. Davis (*Signed by Russell T. Davis*)
Administrator
Housing and Community Facilities Programs

SUBJECT: Administrator's Reserve Selections to Fund Innovative Approaches to
Preserve Rural Rental Housing Projects

For Fiscal Year 2006, an Administrator's reserve was established to help encourage the development of innovative approaches to preserve Rural Rental Housing (RRH) projects. Attached is the listing of projects selected from proposals submitted in accordance with the Unnumbered Letter entitled "Preservation Proposals for Equity Funding," dated March 27, 2006. Funding was provided to projects with the highest per-unit contribution of non-Agency funds for repair and rehabilitation, use of equity loan funds for repair and rehabilitation, and State contributed rental assistance (RA). Funding was limited to no more than one million per State to provide greater distribution of funds. State Directors for Idaho, New Jersey, Ohio, Michigan, Montana, and Washington may now notify the applicants of their selection and proceed to fully develop the proposals.

Prior to obtaining authorization to use Agency equity funds, you will need to obtain concurrence from the Office of Rental Housing Preservation (ORHP) of a final equity amount. To obtain approval of the equity amount, you should follow the same process used by ORHP to concur with and authorize equity loans as part of the preservation process. Specifically, all proposals are to be appraised for an "as-is" unsubsidized value and all calculations of the final equity amount will be performed on the ORHP incentive calculation worksheet. These proposals will not need to be entered into PRE-TRAC.

Once ORHP concurs with the equity loan amount and the borrower has agreed, request final ORHP authorization of the Agency equity loan amount and rental assistance, if any. That request should also request National Office approval. All equity funds should be obligated as soon as possible, but no later than September 25, 2006.

If you have any questions regarding this process or actions required, please contact ORHP, Cynthia Reese-Foxworth, (202) 720-1940 (Cynthia.Foxworth@wdc.usda.gov).

Attachment

EXPIRATION DATE:
September 30, 2006

FILING INSTRUCTIONS:
Housing Programs

OFFICE OF RENTAL HOUSING PRESERVATION
Preservation Proposals for Equity Funding
Yiscal Year 2006

STATE	PROJECT	EQUITY ANTICIPATED	TRANS. COMPLETE by 9/1/06	PROJECT NEEDED	MINORITY IMPACT	TRNS. TO NP	TRNS. TO LP	30 YR OR RUL	CUR- RENT RUPs	UNITS IN PROP.	RA TYPE	STATE RA	Tax Crdts OR 3rd PARTY	REPAIR REHAB	PER UNIT VALUE	% OF EQUITY DESIGN.'
MI	Meadow Hills North (Fremont)	\$ 900,000	Yes	Yes	No	Yes		Yes	No	48	F		\$12,000	\$912,000	\$18,750	101%
OH	Waynesville Rotary Sr. Apts.	\$ 325,000	Yes	Yes	No		Yes	Yes	No	12	E	5	\$25,000	\$300,000	\$27,083	92%
WA	Wildwood Terrace Apts.	\$ 770,000	Yes	Yes	No		LLC	Yes	No	56	F	3	\$1,784,440	\$1,006,462	\$13,750	131%
NJ	Quail Ridge Apts., LP	\$ 525,000	Yes	Yes	Yes		Yes	Yes	No	40	F	12		\$225,000	\$13,125	43%
ID	Parma Park	\$ 128,000	Yes	Yes	No	Yes		Yes	No	6	E		\$0	\$32,000	\$21,333	25%
MT	Lincoln 2 Apartments	\$ 74,005	Yes	Yes	No	Yes		Yes	Yes	8	F	4		\$ 7,600	\$950	10%
MT	Big Sky Apartments	\$ 95,275	Yes	Yes	No	Yes		Yes	Yes	12	F	5		\$ 2,500	\$208	3%

May 26, 2006

SUBJECT: Request for Authorization of Actual Lodging Costs

TO: National Office Officials
Rural Development State Directors

ATTN: Administrative Program Directors
Agency/Organization Program Coordinators

Rural Development Instruction (RD) 2036-A, "Travel Regulations and Policies," authorizes reimbursement for actual lodging costs when lodging cannot be obtained at the Government rate. To ensure that we are prudent travelers, a diligent effort must be made to obtain lodging at the Government rate before seeking approval for actual lodging costs. Prior approval for actual lodging costs is required. This includes approval of actual costs for lodging at a conference at which you are speaking.

Requests for approval of actual lodging costs for State Directors should be sent to the Rural Development Travel Unit (TU) using RD Form 2036-3, "Request for Travel Authorization or Amendment," (Attachment 1) and by submitting a written justification in accordance with RD 2036-A, paragraph 2036.11 (f). The TU will review both and forward them to my office for final approval. All other employees should complete and submit the documents in accordance with their office procedures.

As documentation of your efforts to obtain lodging at the Government rate, please attach to your request the name, telephone number, and room rate of at least three other hotels/motels that you contacted to obtain lodging at the Government rate. The room rates provided for comparison must be for similar accommodations. A written statement must be included that justifies the request for actual lodging costs. Speakers at a conference must attach a copy of the conference's agenda showing their participation in addition to their written justification. The actual reimbursement amount for lodging shall not exceed 300 percent of the locality's total per diem rate. Requests for post approval of actual lodging costs will not be approved, unless an emergency situation can be documented.

EXPIRATION DATE:
May 31, 2007

FILING INSTRUCTIONS:
Administrative/Other Programs

If you have any questions, please contact one of the Travel Unit staff: Veronica Carroll, (202) 692-0229, or Anthony Pearson, (202) 692-0227. You may also e-mail the Travel Unit mailbox at: ssd.travel@wdc.usda.gov.

(Signed by Thomas C. Dorr)

THOMAS C. DORR
Under Secretary
Rural Development

Attachment

Sent by electronic mail on June 1, 2006 at 11:45 by SSD.
National Office Officials and State Directors should advise other personnel as appropriate.

May 26, 2006

SUBJECT: Acting State Director in South Dakota

TO: National Office Officials
Rural Development State Directors

ATTN: Administrative Program Directors

This is to inform you that on June 2, 2006, Lynn D. Jensen resigned as the State Director for South Dakota. Therefore, I have appointed Tim Potts to act as State Director until further notice.

Mr. Potts is currently serving as an Area Director for South Dakota.

I know I can count on your support and assistance while he is serving as Acting State Director and responsible for carrying out the mission of Rural Development in South Dakota. Mr. Tim Potts can be reached on (605) 342-0301 or via e-mail at Tim.Potts@sd.usda.gov.

(Signed by Thomad C. Dorr)

THOMAS C. DORR
Under Secretary
Rural Development

EXPIRATION DATE:
May 31, 2007

FILING INSTRUCTIONS:
Administrative/Other Programs

Sent by electronic mail on May 31, 2006 at 2:00pm by Human Resources.
State Directors and National Office Officials should advise all other personnel as Appropriate.

.May 31, 2006

SUBJECT: Rural Business Opportunity Grant Program
Native American Earmark Selections
Fiscal Year 2006

TO: State Directors, Rural Development

ATTN: Business Programs Directors

We have recently completed the fiscal year 2006 Native American earmark funding cycle. There were 37 requests for funds totaling \$3,976,127 that competed in the funding cycle. We are pleased to announce that the following requests were selected:

<u>State</u>	<u>Applicant</u>	<u>Amount Awarded</u>
UT	Kaibab Band of Paiute Indians	\$50,000
ID	Shoshone-Paiute Indians of the Duck Valley Reservation	\$90,000
WI	Northwoods Nijjii Enterprise Community, Inc.	\$150,000
SD	Four Bands Community Fund, Inc.	\$95,000
NC	Eastern Band of Cherokee Indians	\$150,000
OR	Confederated Tribes of Umatilla Indian Reservation	\$59,700
MN	Midwest Minnesota Community Development Corporation (MMCDC)	\$40,000
ME	Maine Indian Basketmakers Alliance	\$63,000
ND	Impact Foundation	\$200,000
AK	Lake & Peninsula Business Development Center	\$49,304
WY	Wind River Development Fund	\$42,996
	Total	\$990,000

EXPIRATION DATE:
September 30, 2006

FILING INSTRUCTIONS:
Community/Business Programs

Projects selected under the Native American earmark must use the type of assistance code “310” when obligating. All earmarked funds allocated must have an obligation date of no later than September 30, 2006. Any funds not obligated by that date will be carried over to the next fiscal year.

(Signed by William F. Hagy III)

WILLIAM F. HAGY III
Deputy Administrator
Business Programs

May 31, 2006

SUBJECT: Rural Business Enterprise Grant Program
Native American Earmark Selections
Fiscal Year 2006

TO: State Directors, Rural Development

ATTN: Business Programs Directors

We have recently completed the fiscal year 2006 Native American earmark funding cycle. The National Office received 25 requests for funds totaling \$4,733,484. We are pleased to announce that 17 projects were selected for \$2,619,994. Attached is the list of awardees.

This completes the Native American funding cycle established in RD Instruction 1940-L. Projects selected under the Native American earmark must use the type of assistance code "310" when obligating. All earmarked funds allocated must have an obligation date of no later than September 30, 2006. Any funds not obligated by that date will be carried over to the next fiscal year.

(Signed by William F. Hagy III)

WILLIAM F. HAGY III
Deputy Administrator
Business Programs

Attachment

EXPIRATION DATE:
September 30, 2006

FILING INSTRUCTIONS:
Community/Business Programs

Rural Business Enterprise Grant Program

<u>State</u>	<u>Applicant</u>	<u>Amount Awarded</u>
SD	Sicangu Fund	\$99,000
MN	White Earth Investment Initiative (WEII)	\$99,000
UT	Aneth Community Development Corporation	\$198,000
OR	Confederated Tribes of the Umatilla Indian Reservation	\$196,000
AZ	Tohono O'odham Nation	\$85,000
OK	Citizen Pottowatomi Nation	\$199,000
WA	Quinault Indian Nation	\$48,000
AK	Sitka Tribe of Alaska	\$93,865
WY	Northern Arapaho Tribe	\$424,184
ME	Pleasant Point Passamaquoddy Tribe	\$298,856
WI	Lac Courte Oreilles Band of Lake Superior Chippewa	\$91,000
NM	Tohatchi Area of Opportunity & Services	\$150,000
CA	State Assistance Fund for Enterprise, Business, and Industrial Development Corporation (SAFE-BIDCO)	\$350,000
OR	Affiliated Tribes of Northwest Indians Economic Development Corporation	\$99,990
AK	Lower Kuskokwim Economic Development Council	\$23,100
SD	Four Bands Community Fund, Inc.	\$65,000
OK	United Keetoowah Band of Cherokee	\$99,999
	Total	\$2,619,994

May 31, 2006

SUBJECT: Intermediary Relending Program
Empowerment Zones/Enterprise Communities/
Rural Economic Area Partnerships Earmark

TO: State Directors, Rural Development

ATTN: Business Programs Directors

These are the fiscal year 2006 funding cycle allocations for the Intermediary Relending Program (IRP) Empowerment Zones/Enterprise Communities/Rural Economic Area Partnerships (EZ/EC/REAP) Earmark. The priority points for these projects are inclusive of any Administrator points that were awarded. The allocations are as follows:

State	Project Name	Amount	Priority Points
VT	Northern Community Investment Corporation	\$ 750,000	131
IL	Pulaski County	\$ 750,000	120
	Total	\$ 1,500,000	

IRP EZ/EC/REAP earmark funds should be obligated through the Guaranteed Loan System (GLS). Please ensure that **type of assistance code 144** is used for the EZ/EC/REAP earmark to keep track of the use of these funds.

All requests received for this cycle were funded. This is the only round of funding for this earmark. Unused funds will revert to the regular reserve on June 30, 2006.

(Signed by William F. Hagy III)

WILLIAM F. HAGY III
Deputy Administrator
Business Programs

EXPIRATION DATE:
September 30, 2006

FILING INSTRUCTIONS:
Community/Business Programs

May 31, 2006

SUBJECT: Rural Business Enterprise Grant Program Empowerment Zones/Enterprise Communities
and Rural Economic Area Partnerships Fiscal Year 2006

TO: State Directors, Rural Development

ATTN: Business Programs Directors

We have recently completed the Empowerment Zones/Enterprise Communities (EZ/EC) and Rural Economic Area Partnerships (REAP) funding cycle. The National Office received 31 requests for funds totaling \$7,699,839. We are pleased to announce that 29 projects were selected for \$6,908,639. Attached is the list of awardees.

This completes the EZ/EC and REAP funding cycle established in RD Instruction 1940-L. All earmarked funds allocated must have an obligation date of no later than June 30, 2006. Any funds not obligated by that date will be pooled and used as unrestricted reserves in the June 2006 National Office Reserve funding cycle.

(Signed by William F. Hagy III)

WILLIAM F. HAGY III
Deputy Administrator
Business Programs

Attachment

EXPIRATION DATE:
September 30, 2006

FILING INSTRUCTIONS:
Community/Business Programs

Rural Business Enterprise Grant Program

<u>State</u>	<u>Applicant</u>	<u>Amount Awarded</u>
ME	Northern Maine Finance Corporation	\$99,999
GA	Cordele-Crisp Chamber of Commerce, Inc.	\$99,999
VT	Northeast Kingdom Travel & Tourism Association	\$70,158
AZ	Four Corners Enterprise Community	\$198,000
OK	Murray State College	\$499,990
CA	Desert Alliance for Community Empowerment	\$440,000
IL	County of Pulaski	\$130,000
HI	Ke Aupuni Lokahi, Inc.	\$500,000
SC	Western Carolina Higher Education Commission (WCHEC) – Salkehatchie Leadership Institution (SLI)	\$327,460
TN	Phipps Bend Joint Venture	\$300,000
KY	Kentucky Highlands Investment Corporation	\$199,000
ND	Griggs-Steele Empowerment Zone, Inc.	\$250,000
SD	Oglala Oyate Woitanacan Empowerment Zone	\$50,000
GA	City of Vienna	\$96,085
ME	Museum L-A	\$400,000
OK	Coal County Commissioners	\$500,000
AZ	Moenkopi Developers Corporation, Tuuvi Travel Center	\$199,000
IL	Southern Illinois Stimulus Corporation (SISCO)	\$215,000
VT	Northern Community Investment Corporation (NCIC)	\$200,000
TN	Clinch-Powell Resource, Conservation, and Development Council – Clinch-Powell Heritage Crafts Enterprise	\$99,000
ND	City of Hannaford	\$87,000
ME	City of Caribou	\$350,000
GA	Dooly County Economic Development Council, Inc.	\$99,999
OK	Coalgate Industrial Authority	\$493,350
AZ	Navajo Nation Hospitality Enterprise (4CEC)	\$250,000
IL	City of Mounds	\$173,400
TN	Clinch-Powell Resource, Conservation, and Development Council – Clothesline of Quilts Clinch-Powell Trails	\$99,000
ME	Franco-American Heritage Center at St. Mary's	\$382,200
GA	Southwest Georgia United Empowerment Zone, Inc.	\$99,999
	Total	\$6,908,639